



Daily Report

Latin America

FBIS-LAT-94-226
Wednesday
23 November 1994

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International Seabed Authority Holds Session

Inaugural Meeting Opens

FL1711214394 Castries HTS Caribvision Television in English 1945 GMT 17 Nov 94

[From the "Caribbean Evening News" program]

[FBIS Transcribed Text] The inaugural session of the International Seabed Authority opened in Jamaica yesterday. Delegates from over 100 states attended this historic ceremony, which was addressed by UN Secretary General Butrus-Ghali. Jamaica's Prime Minister P.J. Patterson was elected as temporary chairman of the assembly. Phillip Hamilton reports:

[Begin recording] [Hamilton] It was an event which had been long awaited by several nations: The inaugural meeting of the International Seabed Authority, in Jamaica, at which the United Nations Law of the Sea Convention became a reality. The convention, which sets out a legal framework governing the use of the oceans and exploitation of all seabed resources, was only ratified in June this year. Its objectives include: the peaceful use of the oceans, the rights and duties of states with regards to navigation, and promoting cooperation and development both at the regional and international levels.

UN Secretary General Butrus Butrus-Ghali, who declared the meeting open, said the Law of the Sea Convention signals a new era for the international community. He said he would spare no efforts to ensure the convention ensures equitability and consistency to all nations.

[Butrus-Ghali] The Law of the Sea is an important international symbol of this ongoing endeavor. It is a repudiation of the pursuit of progress through a competition for spoils. It is a rejection of the notion that economic might can transcend fundamental national rights. It is a strong condemnation of the tactics of gunboat development.

[Hamilton] In his presentation, Prime Minister P.J. Patterson told the assembly Jamaica will spare no efforts in ensuring that the Authority settles into its new home comfortably. He hopes the convention will serve as an engine of cooperation between both developing and developed states.

[Patterson] Today, the long dream of sharing the sea as a common heritage is now firmly within the grasp of reality. The government and people of Jamaica take this opportunity to reiterate its profound appreciation for the confidence reposed in it by selecting Jamaica as the headquarters of the International Seabed Authority. We will spare no effort to ensure that the Authority will be able to conduct its activities in the most suitable and appropriate environment.

[Hamilton] Solicitor General Dr. Kenneth Rattray, who was rapporteur general for the conference, was instrumental in negotiating the final agreement for the convention. He believes Jamaica stands to gain a lot from the siting of the seabed headquarters in Kingston.

[Rattray] I think it is also very important for us to meet the challenges of the future in responding to the opportunities which will be provided in terms of marine policy and development, in terms of technology acquisition, and in terms of the fact that we may be able to really make Jamaica the centerpiece for not just the International Seabed Authority but all international maritime activities.

[Hamilton] The inaugural meeting of the International Seabed Authority here, in Kingston, signals the willingness of nations to work together in preserving the world's oceans, the common heritage of mankind. It ends years of debate between developing and developed countries as to how the world's oceans resources should be managed. [end recording]

UNESCO Envoy on Plutonium Waste

FL1711160894 Kingston RJR Network in English 0300 GMT 17 Nov 94

[FBIS Transcribed Text] The United Nations Educational, Scientific, and Cultural Organization [UNESCO] representative to the Caribbean, Dr. Simon Clark, has expressed the view that the United Nations Security Council should intervene in cases where toxic waste is passed through a country's territorial waters. Dr. Clark was speaking in an interview with RJR News today [16 November], following the official opening of the first session of the International Seabed Authority at the Jamaica Conference Center. He said the monitoring facilities would need to be strengthened and nations would need to play active roles to assure adherence to the convention.

[Begin Clark recording] As I mentioned earlier on, it is necessary to strengthen the monitoring facilities, and I suppose member states will have to be like watchdogs now. And I would think that, again as I mentioned, that the matter should be brought before the Security Council because this is actually threatening the security. We normally regard the Security Council as merely an organ within the system to deal with [words indistinct] the ability to do it, but in fact this is a fact threatening the survival of people. And if there are entities that are interested in doing that, then a matter like that should fall under the purview of such a council. This is my personal view. [end recording]

Dr. Simon Clark was speaking against the background of recent reports that another shipment of plutonium waste bound for Japan is due to pass through Caribbean territorial waters.

U.S. Said To Strike 'Sobering Note'*FL2111131694 Bridgetown CANA in English 1408
GMT 19 Nov 94*

[By Garfield Myers]

[FBIS Transcribed Text] Kingston, Jamaica, Nov. 19, CANA—Even as hundreds of delegates from 60 countries celebrated the coming into being of the United Nations Law of the Sea Convention and the regulatory International Seabed Authority, the United States has struck a sobering note. U.S. representative to the three-day meeting which ended Friday, Wesley Sholz, reminded delegates that adherence to "free market principles" and due attention to the profit motive would dictate the pace of investment in the deep seabed. He warned that the Seabed Authority which will regulate and monitor exploitation of underwater resources under the Law of the Sea Convention must "from the outset...act in a manner designed to inspire confidence among potential investors".

Ratification of the convention and the launch of the authority were delayed for 12 years because of objections by rich industrialised countries, led by the United States, to what they saw as cumbersome and restrictive regulations inimical to free enterprise. Third World countries, for their part, were anxious to include strictures that would ensure that the seabed's resources were not monopolised by the north's powerful multi-national companies. The convention finally gained the approval of the United States and other industrialised countries earlier this year following major concessions by Third World countries to part XI of the 320-page convention document relating to seabed mining. But despite its approval, the United States is yet to ratify the convention. The revised document retains a UN-based licensing system for deep sea mining which will be governed by the Seabed Authority but the rules have been simplified, costs to governments and mining companies reduced and the system has been made "more free market oriented", guaranteeing access to the seabed by all qualified investors.

In underlining the concerns of his country, Sholz observed that the broad-based support for the establishment of the authority was based on three factors.

"First is the recognition of the importance of free market principles.

"Second is the recognition that those with major economic interests affected by the actions taken by the authority must be given a role commensurate with those interests.

"Third is the recognition that the evolution of the International Seabed Authority and the elaboration of the regime for commercial mining must be in response to the evolution of commercial interest in mining," he said.

Sholz argued that the "enormous investment necessary to mount commercial scale mining will not take place unless potential investors believe that they will secure a reasonable return on their investment.

"Perceptions of unnecessary regulatory burdens, economic regulation that seeks to interfere with the market, inadequate protection of intellectual property rights, excessive fees or taxes, and political interference will discourage investment in deep seabed mining.

"The political and legal risks associated with a new regime administered by an international organisation would be a significant hurdle for investors under the best of circumstances, particularly when added to the economic and technological risks associated with a pioneer industry.

"Under these circumstances, it will be important for the International Seabed Authority from the outset to act in a manner designed to inspire confidence among potential investors," he said.

The U.S. official cautioned that the Seabed Authority should be careful to preserve its "flexibility" and not act "prematurely in elaborating the regime for commercial mining before we understand the specific nature of the mining activities that are likely to occur on a commercial scale and the economic environment in which they will take place.

He argued that "for the time being" the authority, "with a relatively small staff" should confine itself to facilitating and monitoring those companies "that have established exploration rights". It should also continue to monitor and promote research into the potential environmental impacts of seabed mining, said Sholz.

Analysts agree that large-scale seabed mining is unlikely to begin for another 15 years, at which time the Seabed Authority will become a high profile international agency.

Cuba

Castro Attends Second Day of Solidarity Conference

FL2211192994 Havana Radio Reloj Network in Spanish 1507 GMT 22 Nov 94

[FBIS Translated Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, attended the second day of the First World Conference on Solidarity With Cuba, held at the Karl Marx Theater in Havana City. Cuban Foreign Minister Roberto Robaina will speak on Cuba's foreign policy before the approximately 3,000 delegates from five continents attending the meeting. On the first day of the conference, several participants expressed their solidarity with Cuba and demanded the end of the U.S. economic blockade on Cuba. Delegates also underscored the Cuban people's right to decide their own destiny and to defend their independence and self-determination.

Robaina Addresses Conference

FL2211210194 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Nov 94

[From the "National Radio News"]

[FBIS Translated Text] As we reported at the beginning of this newscast, Roberto Robaina spoke at the First Global Conference on Solidarity With Cuba. Following are excerpts of his speech:

[Begin Robaina recording] I speak of a foreign policy that has demonstrated by action the principles that have governed it for 35 years: independence and sovereignty, self-determination and mutual respect, noninterference in domestic affairs, truth, solidarity, internationalism, and socialism. These continue to be the sacred principles of the Cuban Revolution, principles we do not compromise. [applause]

The Cuban Revolution did not fall, nor will it fall like any other wall. [applause] We are victorious—I reiterate—we are victorious because to exist in these times is to have won. We will continue to win because we will continue to live in difficult, complex times. [end recording]

Cuban Foreign Minister Roberto Robaina at the First Global Conference on Solidarity With Cuba.

Lists Advantages of Solidarity

FL2311022894 Havana Radio Rebelde Network in Spanish 0000 GMT 22 Nov 94

[From the "Exclusive" program]

[FBIS Translated Text] Today, Cuban Foreign Minister Roberto Robaina's address received the most extended applause from the plenum of over 2,900 friends whose hearts beat faster than ever before. They represent 109

countries and are the spokesmen of dozens of groups, organizations, and associations of solidarity with Cuba.

[Begin Robaina recording] However, friends, the most important thing is to be in solidarity with Cuba today, not for what this means to Cuba, but being in solidarity with Cuba—as has been said before—means defending the hopes of the most humble people in the world, and defending the right to self-determination, independence, and sovereignty, as well as rejecting aggression and interference. Today, if humanity wants to save itself, its only alternative is for man to have the wisdom to express solidarity. [end recording]

Commander in Chief Fidel Castro who, like the most disciplined participant, closely follows each word and event that occurs, has also received the most effusive affirmation of admiration, respect, and friendship, which he will transmit to the people of Cuba.

Of the numerous addresses given today, the following is by (Philip Ayres), from the association of former Central Intelligence Agency officials.

[Begin (Ayres) recording] We have all worked in solidarity with Cuba, with revolutionary Grenada, Nicaragua, El Salvador, and with African organizations. Today, I confirm that we are ready to support all those who want advice on CIA operations; in other words, on how to defend themselves. [end recording]

Lage Addresses Conference

PA2311012994 Havana PRENSA LATINA in Spanish 0218 GMT 22 Nov 94

["Cuba-Lage: Vice President Says Causes That Brought About Socialism Persist"]

[FBIS Translated Text] Havana, 21 Nov (PL)—Cuban Vice President Carlos Lage said today the causes that brought about socialism in the world remain, and he pointed to social, economic, and moral achievements being defended by Cuba as fruits of the socialist system.

Lage delivered a special speech at the World Conference on Solidarity With Cuba taking place in this capital with the participation of more than 2,700 delegates from 108 countries.

When passing judgment on Cuba's socialism, we cannot take into consideration the difficulties but, rather, the work it carried out and the country's capability to resist and recover in the midst of the most difficult circumstances, he said.

The Cuban vice president explained to the visitors the impact the Eastern Europe crisis, with Cuba losing its best markets, and the tightening of the U.S. economic and commercial blockade had on the country's economy.

He said Cuba, faced with an unfavorable situation, has demonstrated the will to resist and to win while understanding the need to introduce changes in the economy so as to adapt it to the international context.

He said: It was decided to act intelligently and pragmatically. The modifications, he added, were made to defend socialism, the revolution, and independence, and to assure the country's recovery for the benefit of the people.

Lage denied the country lacks an economic strategy and described it as one of a socialist development to safeguard achievements, an economy where state property predominates over the others.

After saying the adopted measures include the cleansing of the finance system, the development of tourism, and the opening to foreign capital and technology, Lage said one of his objectives is to guarantee, as equitably as possible, the people's access to goods.

Lage spoke of incipient recoveries in certain sectors and a disposition to continue working to expand these recoveries despite U.S. pressure on eventual investors in Cuba and of U.S. efforts to obstruct international credits for the Antillean country.

Lage answered questions from delegates and said Cuba is not intimidated by the tightening of the blockade, which he characterized as illegal and unfair.

Raul Castro Welcomes Nicaraguan Sandinist Generals

FL2211035994 Havana Cuba Vision Network in Spanish 0100 GMT 22 Nov 94

[From the "NTV" newscast]

[FBIS Translated Text] Today, at the Jose Marti International Airport, General of the Army Raul Castro greeted Gen. Humberto Ortega Saavedra, commander in chief of the Popular Sandinist Army. Ortega's official and work visit to Cuba is scheduled to conclude on 25 November.

Division Gen. Julio Casas Regueiro, first vice minister of the Revolutionary Armed Forces [FAR], and Gen. Nestor Lopez Cuba, head of the political directorate of the FAR, were also on hand to greet Ortega.

Later, Raul Castro accompanied Ortega and the rest of the Nicaraguan delegation to Cacahual where a wreath was deposited in memory of Gen. Antonio Maceo Grajales and his aide Panchito Gomez Toro. They also visited the grave of the last Mambi.

Ministry Moves To Resolve Dispute With Nicaragua

PA2211185194 Havana Radio Havana Cuba in Spanish 1300 GMT 22 Nov 94

[From the "Morning Information Review" newscast]

[FBIS Translated Text] The Cuban Foreign Ministry has stressed that its diplomatic mission in Managua has diplomatic immunity, and it rejected charges of violating the law in relation to the current property dispute with

Nicaragua. A Foreign Ministry note announced that a Cuban delegation will arrive in Managua within the next few days to reach a satisfactory solution.

Last week, Nicaraguan Deputy Foreign Minister Jose Pallais warned the Cuban Embassy in Managua to heed an order issued by a Nicaraguan judge to vacate the building that houses the diplomatic mission.

The Cuban Foreign Ministry note stated that the government of Havana has voiced its wish to resolve the dispute, which falls outside our control and is being caused by a very complex internal problem within Nicaragua.

Sports Cooperation Accord Signed With Panama

PA2211233794 Havana PRENSA LATINA in Spanish 0055 GMT 22 Nov 94

[FBIS Translated Text] Havana, 21 Nov (PL)—Panama and Cuba signed a sports cooperation agreement today that will be effective for five years. It will include the exchange of trainers, physical education specialists, and scientists, as well as participation in international competitions.

In addition, both countries agreed to exchange information, documents, and research study and methodology material on physical education and sports.

The document was signed in this capital by the presidents of the sports institutes of Cuba and Panama, Reinaldo Gonzalez and Rene Gonzalez, respectively, and by the presidents of their respective National Olympic Committees, Manuel Gonzalez Guerra and Meliton Sanchez.

Rene Gonzalez told the media that the training and experience of the athletes and specialists from Cuba is very important for the next five years in Panama, because of its need to improve the quality of its trainers.

"We believe this cooperation agreement opens up a new page in relations between the two countries, and we want to thank Cuba for its decision to support our athletes," he added.

The document also includes the participation and training assistance for sports delegations between the two countries in 1995.

Cuba will send three specialists to Panama City between 4-19 December in order to cooperate in a research study and to learn about the capability of its specialists in the fields of sports and physical education.

The Panamanians will in turn participate in seven international competitions that will take place in Cuba, which include the Giraldo Cordoba Cardin Tournament (boxing); Cerro Pelado and Granma (wrestling); Memorial Barrientos (track and field); Marcelo Sa'ado Cup (swimming); and the Manuel Suarez Tournament (weight lifting).

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The Panamanian delegation arrived in this capital on 18 November and also included a journalist and a group of legislators interested in learning more about the Cuban sports movement.

Anti-Drug Commission Meeting Begins in Caracas

FL2111223694 Havana Radio Reloj Network in Spanish 2044 GMT 21 Nov 94

[FBIS Translated Text] The second meeting of the joint Cuban-Venezuelan Anti-Drug Cooperation Commission has begun in Caracas.

The meeting will end on 23 November, and will cover such topics as joint scientific research and data bases, and will allow for the exchange of experiences. The meeting will also discuss legal topics, such as the legitimization of capital and legal mechanisms to detain and impound vessels used by drug traffickers.

The joint Cuban-Venezuelan commission was created two years ago by a cooperation agreement proposing biennial meetings, from which authorities of both countries would advise their governments.

Rosales del Toro Remarks on Visit to Vietnam

PA2111155494 Havana PRENSA LATINA in Spanish 1202 GMT 19 Nov 94

[Report by Fauto Triana]

[FBIS Translated Text] Hanoi, 19 Nov (PL)—Division General Ulises Rosales del Toro today termed very fruitful the results of his visit to Vietnam at the head of a Cuban military delegation.

In statements to PRENSA LATINA, Rosales, chief of staff of the FAR [Revolutionary Armed Forces], said that the exchange of experiences with high-ranking figures of the Vietnam People's Army (VPA) and the interviews with leaders of the Communist Party and the government were very interesting.

He stated that within the strategy of the people's war, the participation of both the FAR and the VPA in the tasks of production was one of the topics discussed by the two countries committed to the common cause of building socialism amid a changing international situation.

He noted that as part of the delegation's program, which included visits to provinces, municipalities, villages, military units, and other points of interest, it also met with ministers responsible for different areas of the economy, who helped us increase our knowledge of the process of renewal in Vietnam.

Rosales, a member of the Politburo of the Communist Party of Cuba, said he was very impressed after seeing "in this brotherly country a people who are devoted to work and defense and who are happy and optimistic about the future."

Rosales commented that during his nearly two-week visit to Vietnam, he had the opportunity to thank Communist Party General Secretary Do Muoi, Prime Minister Vo Van Kiet, and other leaders and solidarity campaigns with Cuba in the Indo-Chinese country for the delivery of rice and school supplies to the island.

He noted that the similarities in the processes of Havana and Hanoi allow them to maintain a fluent dialogue that benefits both peoples, who are immersed in the struggle toward development in building socialism.

Another important moment of the visit by the Cuban delegation, which also included seven high-ranking FAR officers, was the presentation of the Antonio Maceo Order, 10 medals of combative fraternity and combat flags, to institutions and prominent soldiers of the VPA.

The FAR chief of staff stressed that this opportunity to honor our friends in the VPA, which will mark its 50th anniversary of heroic existence next December, could not be missed.

The final destination of the Vietnam visit, which formerly included northern provinces, was Ho Chi Minh City, where in addition to establishing contacts with regional military leaders and other officers of the VPA, the Cuban delegation held a broad conversation with Vo Tran Chi [name as received], secretary general of the Communist Party of that city and also a Politburo member.

Before ending his visit tomorrow, Rosales, accompanied by Cuban Ambassador to Vietnam Tania Maceira, will visit the historical tunnels of Cu Chi consisting of approximately 250 km of underground facilities used by the "Vietcong" during the war against the United States.

Rosales concluded that his presence adds a new chapter to the strong ties between the FAR and VPA, as well as the long and unbreakable friendship between Vietnam and Cuba.

Finance Minister Interviewed on Deficit Reduction

FL2211184694 Havana Radio Reloj Network in Spanish 1502 GMT 22 Nov 94

[FBIS Translated Text] Finance and Prices Minister Jose Luis Rodriguez elaborates in an interview published in today's GRANMA—which we are reading on Radio Reloj because of its importance—on favorable aspects in the state's budget, which should end the year with a reduction in the deficit, a reduction of subsidies for enterprise losses, and positive results from the first measures to reduce excess currency.

Interviewer Susana Lee reports that those tendencies indicate the start of a financial and monetary recovery period, which the Cuban economy urgently needs.

Cuba's budget deficit was in expansion until 1993, reaching 5.05 billion pesos. A 40-percent deficit reduction is expected for 1994 after consulting the Agriculture, Sugar, and Basic Industry ministries, where the greatest subsidies were found.

Minister Rodriguez noted that the reduction in subsidies had been possible because of the measures adopted in the agricultural sector, despite the difficult sugar harvest and the weather problems in the non-sugarcane sector.

Minister Rodriguez said that regardless of efforts to reduce state subsidies in the agricultural sector, it is still impossible to eliminate the economic help to basic cooperative production units [UBPC]. A program has been established since their creation to help UBPC's reduce their unprofitability or increase earnings to make them profitable over a period of three years, expandable to five in the most complex cases. Minister Rodriguez pointed out that if the UBPC's work eight hours per day, plant all the land reserved for their main crops, and are not distracted by self-sufficiency tasks, they can achieve positive results; otherwise, they will not.

Rodriguez said that there is a good chance of reaching and possibly exceeding the reduction in the budget deficit that had been estimated for this year. Rodriguez went on to note that in that case, we will be fulfilling one of the main goals, the first of a program of measures approved by the National Assembly of the People's Government in May.

Rodriguez stated: I would say that the situation is favorable, even though we cannot yell victory just yet regarding the budget deficit. He added: What has been achieved demonstrates that it is possible to reduce the deficit. It puts us much closer to fulfilling the directives for 1995, which is to reduce the deficit to 1.6 billion pesos.

Rodriguez said in the interview that some entities seek to reduce their deficit to zero in 1996. Nevertheless, he added, that is not likely in all sectors. There are complex situations that need some time. Rodriguez noted that the agricultural sector is one of those complex sectors and that we cannot ignore the fact that even developed nations subsidize their agriculture. In Cuba, he added, the tropical climate, the scarcity and dispersion of manpower, and subjective obstacles play a role; therefore, it is not realistic to say that the deficit in the agricultural sector can be reduced to zero.

Updates Circulating Currency Situation

FL2311041094 Havana Radio Reloj Network in Spanish 2041 GMT 22 Nov 94

[FBIS Translated Text] Finance and Prices Minister Jose Luis Rodriguez addressed the issue of reduction of circulating currency in an interview published in today's GRANMA. He elaborated on the current status of the budget, stating that the process of restoration of the economy is complicated by the prevailing lack of discipline. He also commented on the auditing work, which is not yet perceived as the essential control in the accounting, and to the total movement of financial resources.

The minister said that self-employment has expanded—there are over 162,000 people authorized to be self-employed, and they have paid over 52 million in taxes.

Regarding moneybags, Rodriguez stated that there were 472 cases investigated up until 31 October, from which 413 files were opened; 191 of these cases were submitted to the Finance Ministry; and 119 confiscation procedures resulted.

With regard to the path toward restoring national finances, Rodriguez recalled that Cuba ended 1993 with excess currency of 11,000,044,000, which increased to 11,000,896,000 pesos by May, five months later. Of that total, over 4 billion pesos were in the hands of the people, and approximately 7 billion in savings accounts.

Rodriguez explained that 152 million pesos were collected from just the implementation of measures that increased taxes and rates. He added that from June until 31 October 1994, the excess currency was reduced to 10.266 billion, therefore over 1.629 billion was taken out of circulation in five months, from both savings and circulating money. The biggest part of the money accrued came as a result of the unregulated sale of cigars. However, people have spent in other ways, due to the increase of transportation and electricity prices, and the end of some benefits.

The minister valued the results of the measures implemented, and stated that the excess currency could be reduced to approximately 9.6 to 9.8 billion by the end of 1994. He stated that some positive reactions came as a result of the measures, and cited the search for employment as a good indication, as well as the reduction of prices on the black market, and the gradual increase in the value of the peso when compared to the dollar. He stressed that these are signs that finances are being mended, and the process needs to be closely observed to guarantee the desired effects.

Rodriguez stated that the decisions made to balance the finances cannot be independent of the economic decisions adopted because everything being done is leading to revitalization of this economy, as well as production, services, the country, and the people. He stated that the measures implemented offer advantages to the people, and indicated farmer and industrial markets as examples.

The minister noted that Cuba is currently in a better situation. However, it cannot be said that the economy has begun to recover yet. It is true that the decline has been stopped, and there is growth in important industrial sectors, and other sectors as well, indicating a favorable trend which needs to continue.

Nickel Production Potential Said 40,000 Tons Annually

PA2311042394 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Nov 94

[Report by Guillermo Alvarado; from the "Evening Information Review" newscast]

[FBIS Translated Text] The nickel industry occupies a prominent place in the Cuban economy. Important investments have been made in the nickel industry, particularly in the country's eastern region.

Cuba's nickel production potential is 40,000 tons annually, putting nickel third on the exports list. Nickel is also one of the sectors on which Cuba has negotiated with foreign capital for the creation of mixed enterprises.

It was reported recently the enterprise Moa Nickel, in northern Holguin Province, approximately 800 km from Havana, is operating jointly with the (Cherry Tin Corporation), with a notable production of sulfuric nickel and cobalt and profits of more than \$100 million.

In this region are also the Nicaro and Ernesto Guevara plants, which contribute to bring nickel production to hundreds of thousands of tons, an industry operated and managed by Cuban workers and technicians.

There are other installations in Moa, including a plant that will be Cuba's fourth nickel plant once completed. Construction is now in its final phase. This plant should produce 30,000 metric tons annually. This production is one important contributor to the country's economy.

Sources from Cuba's Foreign Investment and Economic Cooperation Ministry have reported Cuba has an important nickel vein that extends for more than 150 square kilometers. The mines are strip mined here and very close to the plants.

Cuban and Canadian enterprises announced at the end of June the establishment of an association to extract and refine nickel and cobalt and to market it on the world level. The new firm has plants in Moa and in the Canadian province of Alberta.

It was reported that Australian mining enterprises are interested in establishing mixed enterprises with Cuba to prospect and exploit nickel in other regions of the Caribbean island.

Update on Power Figures Given

FL1911031594 Havana Radio Reloj Network in Spanish 2043 GMT 18 Nov 94

[All figures as heard]

[FBIS Translated Text] An average of 1,380 megawatts of power was on line 10-16 November. Peak demand was 1,897 megawatts, with a deficit of 506 megawatts. There was a decrease in the average deficit when compared over the same period in the past, due particularly to an increase in power and a decline in consumption because of the effects of Tropical Storm Gordon. Repairs on unit four of the Carlos Manuel de Cespedes plant, in Cienfuegos Province, continue. An average of 1,400 megawatts of power will be on line 16-23 November; thus, the deficit will be approximately 460 megawatts during the period of peak demand.

Roundup of Economic Developments

PA2211190394

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 22 November.

While opening the International Professional Tourism Congress in Havana, Deputy Tourism Minister Miguel Bruguera announced that the tourism sector has grown 17 percent since 1991. The official said Cuba will welcome 850,000 visitors in 1995, and, if the current trend continues, Cuba can expect 2.5 million tourists in 2000. He added that the industry continues to grow because of foreign investment. Currently, there are 27 hotels under the management of foreign hotel chains as part of joint venture agreements. (Havana Radio Havana Cuba in Spanish 0000 GMT 15 Nov 94)

According to a 16 November, Camaguey-dated report, Felix Moreno, head of Cubanacan International Tourism and Commerce Corporation in Camaguey, has announced that the number of tourists arriving in this part of the country has increased by 35 percent since last year. He added that the figure is encouraging, despite a slight drop in the number of Italian and Belgian tourists. Moreno also announced the construction of three new hotels in the region, bringing the total to 12. (Havana PRENSA LATINA in Spanish 0821 GMT 16 Nov 94)

According to a 17 November, Havana-dated report, Interior Trade Minister Manuel Villa Sosa said the results of the new farmers markets have exceeded expectations. Citing a report published in GRANMA, the report adds that sales have increased from a weekly total of 1.4 million pesos to reach a current daily figure of 4.7 million pesos. Villa Sosa told GRANMA that he expects the same results from the industrial craft markets, which are scheduled to open on 1 December. (Havana PRENSA LATINA in Spanish 1804 GMT 17 Nov 94)

According to a 19 November, Havana-dated report, Cuba Petroleum (Cupet) has announced that so far this year it has surpassed its 1993 production level by 105,000 barrels, reaching 7.805 million barrels. Cupet expects to reach 8.96 million barrels by the end of December. Nevertheless, Cupet Director Julio Fleites said this production level is inadequate, considering the company provides about one-third of the nation's oil needs for power and fuel. Meanwhile, Fleites also reported that the Canadian Sherritt Oil Co. has struck oil off the coast of Varadero. (Mexico City NOTIMEX in Spanish 0329 GMT 20 Nov 94)

Lage Concludes Visit to Guantanamo Province

FL1911171694 Havana Radio Rebelde Network in Spanish 1255 GMT 18 Nov 94

[From the "Doing Radio" program]

[FBIS Translated Text] [Gabrido] We have established contact in Guantanamo with correspondent Jose Mejias,

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who has information on the visit of Politburo member Carlos Lage Davila, secretary of the executive committee of the Council of Ministers, to Guantanamo.

[Mejias] Yes we are in the easternmost region of the country, Guantanamo, for an evaluation of the damages caused by Tropical Storm Gordon, in excess of 92 million pesos, by a commission of the Council of Ministers, headed by Comrades Carlos Lage Davila, Jose Ramon Machado Ventura, and Senen Casas Regueiro. The total losses during the four rainy seasons, May through November of 1993 and 1994, has reached 332 million pesos.

Carlos Lage Davila concluded the meeting yesterday afternoon in Guantanamo.

[Begin Lage recording] Undoubtedly, after a few days, we will need to reevaluate the situation. We will have to look to see what we can do to better prepare ourselves for floods, and what we can do to more quickly recover from these effects.

Last time, several irrigation pumps were flooded. This time, none of them were flooded. There are many other areas where similar things have occurred. For example, if a neighborhood becomes flooded, we must create conditions so people can evacuate most of their belongings. That is possible. We can create conditions for a more complete evacuation to prevent losses of equipment everytime there are floods.

The same occurs in the industrial and agricultural sectors. We must create conditions for avoiding the losses that we are still experiencing. When one looks at the losses, one can see that they could have been prevented. At times they are caused by confidence that the water level will not reach a certain point. Another factor is that when evacuations are to occur, they are not done completely. If I have to carry a television, instead of carrying it 100 meters, why not carry it 500 meters away?

In that sense, we must revise the situation and prepare ourselves for the next rainy season. We must establish measures of support with the national organizations.

On this occasion, contact between ministry and province was established from the very beginning, which is the logical thing to do. One can see that within a series, the response was immediate. In other things, from what was said here, the response must be quicker in order to protect vital sectors of the economy.

At the more complex level, there are things that require more resources and more investments, but we must evaluate what we have, and see, under our current conditions, what can be done right now. We have La Esperanza dam and the channels of Las Salinas saltmine, which need to be protected so that we do not lose salt.

Another project is the bridge—I do not know exactly where this steel bridge is [unidentified person says (Yumori)]—in (Yumori)—which has been destroyed

three times. In other words, there are several projects that require greater investments. These must also be evaluated. In many of those cases, conditions are being created to begin on them next year. There are some other things that Comrade [name indistinct] mentioned that we need to analyze, which might possibly require fewer investments and costs, and which should be done immediately.

For example the cleaning. There are places where the cleaning is more complex, and other places where the cleaning is much simpler. We must do the cleaning in those places right now. With control and discipline, we can improve the situation. We must do it immediately.

The conclusion of this visit indicates the places where we can build and where we cannot build. It is important to impede construction in those dangerous areas. With the intensity of the rain, more than 70 homes were destroyed. It is important for us not to rebuild those homes in places that are prone to flooding.

We must look to see what we can do now. This would be a great investment. In other words, we must see at what moment we can do these things with greater investments, and what are the things that we must do with the resources and possibilities that the province and the territory currently have, with the help of some national organizations. [end recording]

[Mejia] These were statements by Carlos Lage Davila, vice president of the Council of State and secretary of the Council of Ministers, during a meeting at the conclusion of the visit of a group of ministers to the easternmost region of the country, to evaluate the damages caused by Tropical Storm Gordon.

Attorney General Reports Illegal Enrichment Charges

PA2211222194 Mexico City NOTIMEX in Spanish
1651 GMT 22 Nov 94

[FBIS Translated Text] Havana, 22 Nov (NOTIMEX)—Cuban Attorney General Juan Escalona Regueira reported today 480 people from all over the country have been charged with illegal enrichment. He did not state the total value of the confiscated goods.

The official affirmed "this effort was carried out carefully, without any specific targets, and with absolute respect for the accused's right to due process." Escalona made the announcement this Tuesday [22 November] during an inspection visit to Camaguey, 500 km east of Havana.

Escalona said several government officials will also be prosecuted for negligence in accordance with Law 149, regarding "macetas" (individuals carrying out the illegal business of black marketeering), issued last May. Official press sources have reported goods confiscated from 62 "macetas" in Havana alone up to now are worth 3,943 million pesos (equivalent to dollars according to the official exchange rate).

The confiscated articles consist of 17 cars, 10 motorcycles, 10 houses, five cargo trucks, 427,296 pesos, and \$1,763 as of the beginning of this month according to the weekly TRIBUNA.

Other people are under investigation, and could appeal the charges at the Finance Ministry. These people lost temporarily 59 cars, 15 motorcycles, cargo trucks, one tractor, 26 houses, spare parts, household goods, and pieces of art.

The goods taken from the "macetas" have a social use according to the authorities, and the money will be deposited in the National Bank to increase the government's income.

'Straight Talk' Examines Human Rights

FL2211011794

[FBIS Editorial Report] Havana Radio Rebelde Network at 1700 GMT on 15 November carries its "Straight Talk" program, with host Carlos Santana Ojeda, and guests Eloy Concepcion and Renato Recio, for a discussion of human rights.

Santana begins the program by asking: Is Cuba really a violator of human rights? Can the United States give lessons on human rights? What are human rights?

Recio points out that this has been a permanent and constant campaign against Cuba. He mentions that since the seventies, the United States has used this issue as an instrument of its policy against Cuba. The United States uses this issue to manipulate and control countries, in keeping with U.S. imperial interests. He adds: "Cuba is a country that should ask, especially of the United States: Who is the real violator of human rights?"

Concepcion defines human rights. He says that human rights include work, health care, education, and security. A person should be able to live in a country without the constant threat of drugs and crime. He adds: "I am very proud to live in a country that respects those essential rights of human beings such as life, education, and health care." He goes on to say: "Just recently, in the elections held in the United States, in the State of California, they approved a law, No. 187, which flagrantly violates the human rights of the supposed immigrants in the United States. Inclusively, this law, which was proposed by the most reactionary and racist sectors in the United States, denies children the right to education and health care. Those so-called undocumented aliens are fundamentally from Mexico and other Latin American countries, but live in California and total over 1 million people."

Santana asks his guests why the United States picks on Cuba when, he says: We are the best example of a country that respects human rights?

Recio begins by offering his personal definition of human rights, which he identifies as a person's right to be happy and not discriminated against based on race, sex, or financial position. He adds: "In the United States

there is material well-being; not all levels of society have the same level of well-being, but the majority do have material well-being. However, there is polarization in this area, based on sex, race, economic status—there are those tremendously rich and those tremendously poor—and yet, supposed democratic liberties exist. They pride themselves on being very democratic, but just recently, they have held elections and only 40 percent of the people voted... [pauses] only 37 percent. Of that 37 percent, those who voted for one party or one candidate are just around 20 percent. Therefore, there is one candidate—it could be governor, senator, or even president—elected by 20 percent of the population. This therefore does not certify that democracy is a true example of liberty and human rights."

Concepcion states that he wants to give another example. "A U.S. general at the Guantanamo Naval Base has pushed the Cuban immigrants held at the base close to the border, which ends with Cuban troops, and where, as everyone knows, there are minefields. Without any consideration for human rights, the general—who for many years has been commanding U.S. troops who occupy territory that legitimately belongs to Cuba, against the wishes of the people of Cuba and of the world—assumes the supposed right, [pauses] of the supposed human right to exhort and encourage rafters, who were taken to that Cuban territory by the United States, to throw themselves into that minefield, where they could lose life or limb. This action—one more example—confirms how human rights are violated by the United States. A U.S. general assumes the right—the inhumane right—to send human beings to a sure death or to mutilation. I think this is a new element developed over the past few days, dangerous because they are playing with fire."

Recio points out that the United States controls world media, therefore creating and distorting concepts: "The United States maintains a blockade on Cuba that negates human rights." Recio states that by doing this, the United States is taking from the Cuban people the right to subsist with dignity, adding that: "The United States encourages our people to immigrate, as everyone knows. We see this through the rafters issue. First, the United States entices them to risk their lives by crossing the sea on small rafts; then they take them to the Guantanamo Naval Base; and once at the base, they impose concentration camp conditions upon them—concentration camp conditions that would be the envy of any fascist concentration camp. After all of this, a general obviously acting with the support of official sectors—because no one could act in that manner without official support—makes those Cubans face alternatives such as hard living conditions, concentration camp conditions within the base, and he places them near Cuban territorial limits so they risk their lives in the minefields."

"They are playing with the lives and dignity of the people. They believe people exist only to be manipulated by the United States. Later, they organize all types of

campaigns trying to prove the unprovable. If there was no respect for human rights in Cuba, Cubans would not respect the Revolution's ideals."

Concepcion closes his statements by pointing out that due to U.S. control over the media, there is never any reference to human rights violations by the United States. Santana thanks his guests and concludes the program at 1715 GMT.

Health Official Reports Low Number of AIDS Cases

PA2011173094 Havana PRENSA LATINA in Spanish 1547 GMT 19 Nov 94

[Report By Lidia Senaris]

[FBIS Translated Text] Havana, 19 Nov (PL)—Cuba has one of the lowest numbers of AIDS cases among Latin American countries, National Epidemiology Director Manuel Santin Pena reported today.

As of the current month, we have detected 1,094 HIV-positive cases on the island, one of the lowest rates on the continent, the Cuban official told PRENSA LATINA.

Currently, HIV-positive patients receive combined hospital and out-patient care. The authorities are improving education programs for the population as part of the Cuban AIDS program, the expert explained.

In Cuba, HIV carriers spend no less than six months at a specialized hospital, where they are taught how to live with the AIDS virus. Later, if they so desire, they are entered in the out-patient care system, Santin Pena observed.

The heart of this system, he emphasized, is the work done by the family physicians and nurses who are professionals that work in their own communities and attend to all the health problems of approximately 120 families in their own area.

Dr. Santin Pena recalled that a multidisciplinary commission of specialists has been studying this disease since 1983 and that a massive research program was established in 1985 which has allowed them to quickly detect AIDS cases, thus reducing the risk of transmission.

The Cuban scientists have developed their own technologies for diagnosing AIDS which has reduced the costs of tests and allowed the scientists to conduct broader studies, the health ministry official emphasized.

Today the test is given regularly to pregnant women, patients admitted to hospitals for surgery, patients with other sexually transmitted diseases, and, in general, to people in high-risk groups, he indicated.

The expert reported that in Cuba, the AIDS virus is transmitted primarily through sexual contact (in 98 percent of all cases) because drug addiction is not a health problem on the island and blood donations are

rigorously controlled. In addition, 30 percent of the HIV-positive cases in Cuba are women, he concluded.

Haiti

Michel Names Environment Minister, State Secretaries

PA2211225794 Hamburg DPA in Spanish 2152 GMT 22 Nov 94

[FBIS Translated Text] Port-au-Prince, 22 Nov (DPA)—Haitian Prime Minister Smarck Michel today announced the appointment of a minister and four secretaries of state, to bring to 26 the members of his cabinet.

The chief of government designated Antoine Verdier as minister of environment. Verdier is a member of the conservative Movement for the Establishment of Democracy in Haiti, a group headed by his brother-in-law Marc Bazin, who from June 1992 to June 1993 was prime minister of the government imposed by the coupist military.

Maryse Penette, former consul of Haiti in Belgium and representative of her country at the European Union in Brussels, was appointed secretary of state for tourism.

Paul Dejean, an active member of the Platform of Haitian Human Rights Organizations [Plataforma de Organizaciones Haitianas de los Derechos Humanos], assumed the post of secretary of state for literacy.

Dr. Gerard Blot, who maintains close ties with the country's popular organizations and was state counselor during the administration of Ertha-Pascal Trouillot, in 1990, was appointed secretary of state for public health.

Michel designated Roger Perodin as secretary of state for foreign affairs and cult. In 1991, Perodin worked as governor of the Central Bank in the government of then Prime Minister Robert Malval.

According to unconfirmed information, the appointment of former Finance Minister Leslie Delatour as governor of the Central Bank is imminent.

Selection Commission To Begin 'Weeding Out' Army

FL2211211994 Port-au-Prince Radio Metropole in French 1145 GMT 22 Nov 94

[FBIS Translated Excerpt] The director of the international police monitors in Haiti has announced the effective beginning of the weeding out of the Army. Raymond Kelly indicates that the selection commission includes five Haitian colonels, assisted by international police monitors. The selection will be based on the performance and behavior of the military in question, points out the former New York police chief. [passage omitted].

Butrus-Ghali Favors More MINUHA Personnel

FL2211162794 Port-au-Prince Radio Metropole in French 1145 GMT 22 Nov 94

[FBIS Translated Text] [monitored in progress]...on the other hand, know that UN Secretary General Butrus Butrus-Ghali recommended on 21 November that UN Mission in Haiti [MINUHA] personnel, who will replace the multinational force under U.S. command, be increased to 500 men to facilitate the transition between the two operations. Butrus-Ghali indicated in a report published yesterday that the main questions to be settled for a smooth transition in Haiti include creating a new Haitian police force, establishing a timetable for the next legislative elections, and developing a safe and stable environment. However, Butrus-Ghali did not specify a date for the transfer of command between the multinational force and the MINUHA, of which a precursory element of 50 military and police observers has already been deployed in Haiti. France proposed to the UN Security Council at the beginning of the month reinforcement of the MINUHA precursory element with police observers. France is ready to provide 100 policemen. Western diplomats expect the proposal to be adopted in the next few days, with Butrus-Ghali's approval.

Storm Deaths Reported at 2,000; Southeast Cut Off

FL2211224394 Port-au-Prince Radio Metropole in French 1145 GMT 22 Nov 94

[FBIS Translated Text] The Haitian Ministry of Defense last night announced that the number of deaths reported throughout the country is 2,000. In a video document broadcast last night on Television Nationale, the Ministry of Defense showed images of regions of Jacmel ravaged by bad weather, and images of the Friendship Road, which links Jacmel to Port-au-Prince, collapsed in some parts. The Ministry pointed out the problem of drinking water for the Southeast population, which is, however, beginning to benefit from help brought in by the government and from foreign organizations.

According to the video broadcast last night on Television Nationale D'Haiti, teams from the multinational force and the Haitian Army are now working in an emergency context to repair Friendship Road, which links the Southeast Department to the capital. The minister of

defense, former General Wiltin Lherisson, went to Jacmel, according to Television Nationale, to inspect the work in progress.

Regarding the situation in Jacmel, our correspondent Pierre Nazon Beauliere, after a few days in Jacmel, was finally able to reach the capital. We questioned him on 21 November on the situation in Jacmel and the neighboring regions:

[Begin recording] [Beauliere] It is difficult to use the Jacmel road, but if someone has to come to Port-au-Prince, he must struggle to use it. Let me explain: It took me 13 hours on the road to reach Port-au-Prince on Sunday. I left home at 7:30 in the morning and reached Port-au-Prince at 8:30 in the evening.

First, the road has completely collapsed. To enter Jacmel, it is necessary to walk eight km before reaching the city. The two bridges leading to Jacmel have both been destroyed. The Dumai Bridge is destroyed on one side; the Lagossine Bridge no longer exists. Closer to the city, about one km outside, part of the road is completely destroyed. It is like a river right now. Friendship Road is covered with mud. Cars are stuck there as if there were no asphalt at all. Cars slip and get stuck. The road is completely destroyed. There is no place to walk. There has been a landslide—earth fell from the mountains to cover the road. It is very, very difficult to come to Port-au-Prince. If the Ministry of Public Works does not do anything, it will be impossible to travel to Jacmel. It is already very difficult to go to Jacmel.

[Reporter Jean] The Ministry of Defense announced on 18 November that the Haitian and U.S. military were going to work on the road. Has the work begun?

[Beauliere] As I speak to you, nothing has yet begun. We do not know if the work will begin, but as we were coming along the road, we did not notice any Haitian or U.S. military. The road is simply in a deplorable condition.

[Jean] Has the aid promised by the U.S. Embassy arrived in Jacmel?

[Beauliere] I personally left Jacmel on Sunday 20 November at 7:30 in the morning. It was announced that the aid would arrive by ship, along with medicines, food, and others things. We do not have contact with Jacmel right now. It is very difficult to communicate, so we do not know. But, we can say that hunger lives in the Southeast. Even if there is an assessment, it is only temporary because many regions are still impossible to reach. [end recording]

PRI on 'Verge of Losing' 4 Mayoralties in Tabasco*PA2311013094 Mexico City Radio ACIR Network in Spanish 0000 GMT 22 Nov 94*

[Report by Luis Garcia, NOTIMEX correspondent, director of the newspaper EL SOL DE TABASCO, coordinator of the Tabasco newspaper AVANCE, and an ACIR Group collaborator, from Tabasco State; from the "Evening News Panorama" newscast—live]

[FBIS Translated Text] [Unidentified station announcer] Go ahead, Luis, and a good evening to you.

[Garcia] Good evening, Pepe.

The elections were clean for the first time in Tabasco; there is no question about that. We witnessed the very moment the ruling PRI [Institutional Revolutionary Party] lost, or, rather is on the verge of losing, four mayoralties.

The age-old phrase a clean sweep is now an archaic policy, as Humberto Lida Mora, electoral action secretary of the PRI National Executive Committee, said during a visit to Tabasco four days before the state electoral process.

The expectations that were raised regarding this historic process were true. Why? Simply because for the first time in Tabasco's history, the PRI has repeatedly and openly disclosed through its regional coordinator, Salvador Sanchez Vasquez, that it lost in Jalpa de Mendez and is facing problems in three other municipalities. Even more openly, the PRI has disclosed the results of the vote count at the polling stations in Cardenas and Teapa, which have concluded.

While PRD [Party of the Democratic Revolution] gubernatorial candidate Andres Manuel Lopez Obrador, who was the only one to show his face for that party, which apparently has no president, announced victories in Jalpa de Mendez, Nacajuca, Cardenas, and Macuspana, he also threatened to present evidence of PRI-backed irregularities.

Obrador has already disclosed his position. He will stage a March for Democracy or Caravan for Democracy to Mexico City to protest what he characterizes as irregularities and a totally corrupt election.

The political situation at this moment in Tabasco is tense, because the appropriate electoral results have not been disclosed yet. Nevertheless, the PRI, and the PRD as well, are aware the PRI lost four municipalities. Likewise, with the political situation in the state as it is, its leading politicians are saying Lopez Obrador's departure for Mexico City is intended to exert pressure at the 1 December inauguration of President-elect Ernesto Zedillo Ponce de Leon. Lopez Obrador expects to be in Mexico City at that time, and he plans to exert pressure and to negotiate a gubernatorial victory.

[Announcer] Luis, is it a fact then the PRI is conceding defeat in the municipalities of Jalpa, Nacajuca, Cardenas, and Cunduacan?

[Garcia] Teapa. Cunduacan is not on the list, but the PRI has officially announced it lost in Jalpa de Mendez. In Cardenas, for example, the PRD has already claimed victory, because they are winning by a margin of 1,000 votes. Only seven polling stations are left to be counted, and there is a difference of approximately 1,000 votes between the PRI and PRD.

Ruben Priego Hernandez, the PRD's municipal leader in Cardenas, has announced his party's victory, adding the party has encountered no problems. Meanwhile, the PRI leadership is in hiding; they are not showing their faces and have not disclosed any real information.

The electoral authorities in Cardenas have also avoided making disclosures, but, to be sure, they have said the PRI is winning in that municipality. As for Teapa, the vote count has the PRD in the lead for the municipal presidency, but the PRI is winning the County Council. This is a divided vote, a situation which is also a first in Tabasco.

'Special Report' Traces Origins of EZLN*PA2211140294 Mexico City EL FINANCIERO in Spanish 18 Nov 94 pp 54, 55*

["Special Report": "The Announced Guerrilla Movement"—passages in italics as published]

[FBIS Translated Text] The loss of official documents, filing errors, and the lack of up-to-date records on leaders and armed organizations allowed the intelligence apparatus to be taken by surprise by the armed rebellion in Chiapas.

Moreover, based on outdated information, the strategists combating sedition gambled that the reemergence of guerrilla forces would take place in the cities. The preceding is taken from a National Defense General Staff intelligence report, the circulation of which was restricted to Army commanders. EL FINANCIERO was able to obtain a copy of the report.

Mexican Army strategists believed "the insurrection and the armed guerrilla forces" would originate from "a concentration in urban areas (where they are more difficult to detect)." The report also states that "in recent years there has been no follow-up on subversive activities (because) most (intelligence) activities are directed toward drug trafficking."

The strategists also acknowledge that they have no new names of members or leaders of subversive groups. In addition, "confidential documents have been lost and improperly filed, thus it is difficult to find records."

The report—which acknowledges the *dirty war* waged by the Army against the extreme left—warns the nation's security organizations of an increasing number of bank robberies and kidnappings related to the guerrilla forces.

Further on the report says that over "the last two decades, a number of pseudo-subversive or pseudo-revolutionary groups have sprung up in Mexico and have

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as their final objective "to destroy the economic and political stability of institutions."

The 206-page dossier, which took two years to compile, lists one extreme right-wing organization and 27 armed left-wing organizations that have carried out armed exploits in Mexico.

The Military Intelligence Report ("Orientation Manual") identifies 1,771 left-wing activists who have chosen to take up arms to change the Mexican political system.

Written at the beginning of the decade, the report states that some left-wing groups would be in a process of complete reorganization and would take advantage of a "climate conducive to left-wing agitation" due to "high unemployment and the scarcity of food and housing and aggravated by the economic crisis."

According to the Army Intelligence report, there is a clandestine network of 21 universities in the country, including rural and urban schools, agricultural institutes, and agricultural high schools which would support "the struggle at a Latin American level."

The dossier, written before the Chiapas outbreak, is a "compilation of facts, corroborations, dates, actions, and consultations," in addition to records of "informal meetings with confidential informers" (former guerrilla members), including "members of the National Congress hidden within government delegations."

Among the 27 left-wing organizations, the Armed Forces of National Liberation (FALN) stands out as the "only clandestine organization that did not manifest itself in normal living conditions or take responsibility for any revolutionary acts. When the FALN was discovered it had been working in total secrecy for eight years," the report adds.

An investigation conducted by EL FINANCIERO among former guerrilla members reveals that the predecessor of the FALN is the Mexican Insurgent Army [Ejercito Insurgente Mexicano], which was founded in October 1971 with its first training camp in Ocosingo Municipality, Chiapas State.

By 1974, rebels from the National Civic Revolutionary Association [Asociacion Civica Nacional Revolucionaria] and the Committee of the Revolutionary Struggle [Comite de Lucha Revolucionaria], including other organizations, had joined. They were discovered and almost annihilated by the Army in 1974 in a camp known as Punta Diamante in Ocosingo Municipality.

Cesar German Yanez Munoz ("Hermano Pedro" or "Manuel"), one of the guerrilla leaders who managed to escape the Army's encirclement, returned to Nuevo Leon, his hometown, and embarked upon legal activities.

According to the testimonies of former guerrilla members consulted by EL FINANCIERO, "Hermano Pedro" joined the Land and Liberty Peoples' Front [Frente Popular Tierra y Libertad] in Monterrey. There he contacted other peoples defense groups in Durango and Zacatecas and the People's Politics group [Politica Popular].

The other leaders and activists who escaped the 1974 Army encirclement remained in the area to reorganize the guerrilla forces in the utmost secrecy.

According to our sources, this organization regrouped and appeared nine years later (1983) with the name Zapatist National Liberation Army. It is the same group that began an armed rebellion on January 1994 in Chiapas.

Main Armed Organizations

Name	Last Known Action	States of Operation
National Revolutionary Citizens Association *	1972	Guerrero
Armed Revolutionary Action Federation (Extreme right group formerly headed by Sergio Mario Romero Martinez, alias El Fish)	1971	DF (Federal District), Coahuila
Lacandones New Fatherland Urban Command	1973	DF
People's Armed Commandos	1971	DF
Armed Committee of Patriotic Liberation	1973	Michoacan, Sonora, Guerrero, DF
Revolutionary Struggle Committee*	1970	Chiapas, DF
Mexican Insurgent Army*	1971	Chiapas
Revolutionary Student Front	1973	Jalisco
People's Armed Revolutionary Front	1973	Jalisco
People's Revolutionary Front	1971	Sonora
Zapatist Urban Front	1972	DF
Armed Forces of the New Revolution	1971	Sonora
Armed Liberation Forces	1980	Michoacan, DF
National Liberation Forces*	1974	Chiapas, Veracruz, Nuevo Leon
People's Armed Revolutionary Forces	1987	Sonora, DF
Socialist Armed Revolutionary Forces	1971	Guerrero, Aguascalientes
National Octopus Group	1971	DF
23 September Communist League	1982	Jalisco, Sonora, Sinaloa, DF
Armed Communists League	1972	Nuevo Leon
Espartaco Leninist League	1973	Durango, Tamaulipas, Nuevo Leon
Revolutionary Action Movement	1982	DF, Veracruz
Leftist Revolutionary Movement	1971	DF
Chihuahua Urban Guerrilla Nucleus	1972	Chihuahua
Poor People's Party	1973	Guerrero
Revolutionary Clandestine People's Union Party	1994	Oaxaca, Puebla

* EZLN Branches

Source: Military Intelligence Division (Setting Manual 1990)

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Roundup of Economic Developments

PA2111193594

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 21 November.

A study conducted by EL FINANCIERO based on the Sixth State of the Nation Report and information from the Bank of Mexico shows that \$3.80 of every \$10 the Mexican economy received in the form of foreign investment during the first half of the year was used to pay interest on public and private foreign debts. Savings deposited within the country by people residing abroad topped \$12.411 billion from January to June 1994, while interest paid during the period reached \$4.703 billion. Furthermore, while interest rates in Mexico average 24 percent, overseas interest rates averaged only 10 percent. As a result, more and more Mexican enterprises contracted for loans outside the country. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 14 Nov 94 p 3A)

The Secretariat of Finance and Public Credit has released a report stating that from January to September 1994 public finances have been used to help balance the budget by the close of the six-year term, thereby promoting economic growth and generating well-paying jobs. The document indicated from January to September, Mexico registered a surplus of 5.489 billion new pesos. The increase in government spending mainly favored social and farming sectors, as well as productive investment, according to the report. It said that, during the third quarter of 1994, the balance of the net domestic and foreign debt accounted for 22 percent of the GDP. Mexico's foreign debt was set at a little more than \$85 billion, the report concluded. (Mexico City XEW Television Network in Spanish 0430 GMT 16 Nov 94)

Mexican Petroleum (Pemex) plans to spend more than 2 million new pesos among its four subsidiaries to guarantee oil reserves of 3.848 billion barrels as of 2003. The funds will be used to complete the drilling of 562 wells and to distribute 53 drilling teams among 13 projects. Also by 2003, Pemex plans to increase its daily oil production by 553 million barrels and its natural gas production by 637 billion cubic meters from 1993 levels. (Mexico City EL FINANCIERO in Spanish 14 Nov 94 p 48)

Pemex has invested 59.3 billion new pesos so far in 1994. It also has begun a selective opening process to foreign investment and reduced its fiscal burden by more than 50 percent. However, results obtained from drilling in proven petroleum reserves were minimal. Pemex Director Francisco Rojas reported that oil extracted from proven petroleum reserves decreased by more than 5.3 billion barrels during the current administration. He added that drilling rights amounted to 32.9447 billion new pesos. Also, by 1 January 1994, Pemex's proven reserves amounted to 64.516 billion barrels—79 percent

of which are oil and condensed oil and 21 percent are natural gas. (Mexico City LA JORNADA in Spanish 17 Nov 94 p 44)

From January to September, Pemex sold an average of 1,288,900 barrels of petroleum by-products per day within national territory—a figure that represents a 6.8 percent increase over the same period a year earlier. (Mexico City LA JORNADA in Spanish 15 Nov 94 p 51)

According to a 16 November, Mexico City-dated report, Pemex has announced it has closed a short-term financial deal with Spain's REPSOL, whereby it obtained \$467 million. Pemex sources said the transaction was carried out to provide Pemex with financing means for domestic and foreign operations. In the past two years, Pemex became the fifth largest petroleum company in the world, with investment programs totaling \$3 billion. (Mexico City NOTIMEX in Spanish 1900 GMT 16 Nov 94)

The Secretariat of Energy, Mines, and Parastatal Industry (Semip) this month concluded the privatization of mining reserves and canceling of franchises granted to public entities. During this six-year term, Semip put nearly 7.4 million hectares at the disposal of mining investors and granted more than 17,000 franchises. (Mexico City UNOMASUNO in Spanish 14 Nov 94 p 5)

Jorge Tamayo, director general of Mexican National Railroads, says the enterprise will lay the groundwork for the privatization of all rail services during the next administration. This will come in addition to those services already privatized and will include cargo and passenger services, terminals for locomotives, repair and maintenance, infrastructure, traffic and telecommunications systems, and fuels and lubricants. (Mexico City EL FINANCIERO in Spanish 14 Nov 94 p 16)

According to the Mexican Association of the Automotive Industry, the National Association of Automobile Businessmen, and the Mexican Association of Automobile Dealers, car production dropped by 20,162 units, or 4 percent, and retail sales declined 8 percent during the first nine months of the year over the same period a year earlier. As a result, as of September inventories totaled 36,117 vehicles—90 percent higher than in September 1993. (Mexico City UNOMASUNO in Spanish 14 Nov 94 p 2)

British investment in Mexico increased 40 percent during the current six-year term, according to David Cadwallader, head of a delegation from the UK Chamber of Industry and Commerce currently visiting Mexico. The delegates, who are interested in investing in several Mexican industries, are using the visit to contact Mexican businessmen. (Mexico City LA JORNADA in Spanish 15 Nov 94 p 49)

According to the German Embassy in Mexico, Mexico became the second largest importer of German products in Latin America in the first half of the year. Last year,

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Mexico's trade balance showed a deficit of 1.772 billion German Deutsch marks (DM). While sales of German products increased from DM2.06 billion to DM2.202 billion, sales of Mexican products increased from DM381 million to DM430 million during the same period. (Mexico City LA JORNADA in Spanish 15 Nov 94 p 49)

Commerce Secretariat sources report that NAFTA's initial results show that the exchange of goods, services, and investments increased by nearly \$8 billion in North America during the first six months of the year. This increase was spurred by the elimination of tariffs and trade barriers, as well as by the member-nations' easier access to markets. Exports and imports between Mexico and the United States increased from \$42.932 billion to \$50.301 billion, an increase of 17.5 percent, over the same period of time. Trade with Canada also rose significantly from \$1.20 billion to \$1.65 billion, an increase of 33.3 percent. (Mexico City EL FINANCIERO in Spanish 15 Nov 94 p 24)

Jaime Serra Puche, head of the Commerce and Industrial Development Secretariat (Secofi), today unveiled new economic figures at the opening of the Second Mexican Foreign Trade Congress in Mexico City. He said Mexico has become one of the main centers of investment in Latin America, adding that \$10.142 billion was invested here during the January-October period—a 7 percent increase over the same period in 1993. Foreign capital invested in Mexico during the Carlos Salinas administration now amounts to about \$52 billion—116 percent more than expected at the beginning of his term. (Mexico City XEW Television Network in Spanish 0430 GMT 17 Nov 94)

According to a 17 November, Mexico City-dated report, the Mexican Government today announced that the economy grew 2.9 percent during the first nine months of 1994 and that the GDP rose 4.5 percent in the third quarter. Finance Secretary Pedro Aspe reported that the industrial and service sectors grew by 3.8 and 2.8 percent, respectively, during the January-September period. The agricultural sector grew only 0.9 percent during the period. (Mexico City NOTIMEX in Spanish 2350 GMT 17 Nov 94)

Juan Autrique, president of the National Association of Mexican Importers and Exporters, has said 78 percent of the country's small- and medium-sized companies have requested loans over the past six months, but 85 percent of the requests were denied. A survey conducted by the National Financial Co. revealed that 70 percent of the businessmen who requested loans tried to borrow from

commercial banks and that 11 percent tried to borrow from development institutions. Meanwhile, the National Foreign Trade Bank of Mexico (Bancomext) reported that the amount of money loaned to importers and exporters during the current administration was the largest in Bancomext history. Bancomext also reported that overdue loans represent only 1 percent of outstanding loans. Overall, Bancomext has loaned some \$16 billion to approximately 20,000 companies so far in 1994. (Mexico City LA JORNADA in Spanish 17 Nov 94 p 44)

The Agriculture and Hydraulic Resources Secretariat yesterday reported that the agricultural sector's GDP rose by 1 percent as the harvests for the nation's top 10 crops increased from 1988 to 1993. Agriculture represented 60 percent of the agricultural GDP, while cattle breeding and forestry represented 35 and 5 percent, respectively, during the period. In addition, agricultural GDP grew by 5.1 percent in the first half of 1994. Seven months after NAFTA went into effect, trade increased by \$3.461 billion—7.8 percent more than the amount traded during the first seven months of 1993. (Mexico City UNOMASUNO in Spanish 17 Nov 94 p 11)

A 16 November, Mexico City-dated report notes that the Secretariat of Commerce has reported it issued two resolutions imposing quotas on the import of bolt locks and the launching an antidumping investigation on purchases of bicycle tires. The secretariat has decided to impose a 236 percent quota on the import of bolt locks from the PRC. (Mexico City NOTIMEX in Spanish 2125 GMT 16 Nov 94)

By the end of the present six-year term, the net debt of the state-owned energy sector will have increased by 143.4 percent in real terms. This is because of the debts acquired by Pemex this year, totaling 649 million new pesos. According to Energy Secretary Emilio Lozoya, government cash transfers to finance operating expenses and to support financial cleansing measures for the energy sector reached 338 million new pesos. (Mexico City LA JORNADA in Spanish 16 Nov 94 pp 68, 56)

The Confederation of National Chambers of Commerce (Concanaco) has reported a 2.5 percent drop in sales and the loss of more than 60,000 direct jobs over the past nine months. Concanaco said the slowdown in commercial activity has been worsened by growing competition among large-scale stores, which account for 60 percent of the retail market. In 1993, the drop in sales totaled 7.8 percent and many businesses were forced to shut down that year. In 1993, the GDP for the sector declined by 1.2 percent, after it rose by 3.4 percent in 1992. (Mexico City EL FINANCIERO in Spanish 16 Nov 94 p 29)

Guatemala

Mexico's Zedillo Vows Support for Peace Process

PA221112594 Guatemala City Televisi3te Television
in Spanish 0400 GMT 21 Nov 94

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan President Ramiro de Leon Carpio and Mexican President-elect Ernesto Zedillo met over the weekend. Zedillo's visit has been described as very positive for his country and Central America.

De Leon received Zedillo at the Presidential Palace, where the Mexican president-elect stayed four hours. At a news conference with Zedillo, De Leon reported on the subjects discussed during the meeting.

[Begin De Leon recording] There are so many agreements between Guatemala and Mexico and between Guatemala and Central America that we decided to appoint an Inventory of Projects and Assessment Commission. Our foreign ministers will be in charge of this commission, and, in turn, when we have the honor of receiving Mr. Zedillo as president of Mexico, we will have a full assessment of these agreements and projects. [end recording]

De Leon also reported that in his meeting with Zedillo the two men talked about the pacification and dialogue process between the Guatemalan Government and the URNG [Guatemalan National Revolutionary Unity], as well as Mexico's support for the process, because the meetings between the URNG and the government are being held in Mexico. They also discussed refugees and Mexico's special consideration of these people who have settled in Mexico. De Leon also said he and Zedillo talked about border checkpoints, particularly at Tecun Uman and Ciudad Hidalgo. The energy issue also was touched on. In addition, De Leon said they discussed a Central American request to buy medicines wholesale to lower prices in the regional market.

For his part, Zedillo stressed Mexico's unconditional support for the peace process.

[Begin Zedillo recording] I have told President de Leon that, just as President Salinas has been doing, I am willing to fully support the peace process—a process to which the De Leon government remains committed. I assured President de Leon that this support will be impartial and neutral without the Mexican Government attempting to interfere in Guatemalan affairs. [end recording]

Zedillo also stressed Mexico's commitment to develop free trade projects, although the entry of some Guatemalan products into the Mexican market has been restricted. Regarding Central American emigrants who enter Mexican territory, Zedillo pledged to endorse

support and protection programs along the border to ensure that labor and immigration rights are respected.

President Orders Authorities To Back UN Mission

PA2211123494 Guatemala City PRENSA LIBRE in Spanish 21 Nov 94 3

[FBIS Translated Text] According to Ronald Ochaeta, director of the Human Rights Office of the Guatemalan Archdiocese, the duty of the UN Mission for Guatemala (Minugua) represents a challenge for domestic institutions, because these institutions must prove that the system for protecting human rights is effective.

The installation of this mission will not change the rules of the game between the government and the Guatemalan National Revolutionary Unity. Also, the people must not harbor excessive expectations, because the UN mission has a mandate of only six months, and it will not be possible to establish whether the human rights situation has improved or worsened in such a short time, Ochaeta said.

Ochaeta believes that, as far as human rights violations are concerned, the government will have to bear the heaviest load, because this matter is very complex and because institutional limitations in this area have always existed.

Yesterday, President Ramiro de Leon Carpio said he has ordered civilian and military authorities to offer all possible cooperation to Minugua members to help them fulfill their duties. De Leon emphatically rejected assertions by the Human Rights Watch/Americas organization that his government is trying to restrict Minugua's activities and functions.

The president affirmed he can prove that during his administration the human rights situation has improved and that he has concentrated his best efforts on consolidating the democratic system. De Leon said this was one of his political goals and that, from now on, his best efforts will be aimed at fighting poverty to take away from the guerrillas or other dissident groups the claims that he has failed to do this effectively.

With regard to Washington's demands that the case involving human rights violations against four U.S. citizens be cleared up, De Leon said the violations did not occur during his administration, and he pointed out that he already has expressed his administration's willingness to investigate these charges and to prosecute those who are responsible.

The installation of Minugua is seen by Human Rights Ombudsman Jorge Mario Garcia Laguardia as logistical support for his activities and as additional support for the investigations his office is already conducting. He said: In Guatemala what we need is to strengthen national institutions to enable them to carry out investigations and then receive the support of the international community.

Garcia Laguardia also warned of one possible threat resulting from excessive Minugua activities—namely, that local institutions might be weakened and then remain weak once Minugua leaves—and he recommended that local institutions remain strong. He urged everyone linked to these human rights organizations to do their part and struggle for a strong Supreme Court of Justice, Congress, Attorney General's Office, Constitutional Court, and Office of the Human Rights Ombudsman.

Party Official Killed by Unidentified Individuals

PA2211233094 Mexico City NOTIMEX in Spanish
1538 GMT 22 Nov 94

[FBIS Translated Text] Guatemala City, 22 Nov (NOTIMEX)—Unidentified individuals shot to death Paula Dora Castillo, assistant secretary of the Guatemalan Christian Democracy [DCG], in the northern department of Peten last night, the National Police reported today.

The National Police Public Relations Department told NOTIMEX Castillo died last night after she was shot twice in her chest and twice in her abdomen.

The case is being handled by the justice of the peace in Melchor de Mencos, where she was killed, the source added.

The DCG leadership has made no statements on the event so far.

Four members of the Union of the National Center, including leader Jorge Carpio Nicolle, a cousin of President Ramiro De Leon Carpio, were assassinated in July 1993.

Revolutionary Party Deputy Obdulio Chinchilla was attacked in 1993 and again in 1994, but he survived, although he lost his left eye.

Nicaragua

Visit by Zedillo Termed 'Complete Success'

PA2211233894 Mexico City NOTIMEX in Spanish
2201 GMT 21 Nov 94

[FBIS Translated Text] Managua, 21 Nov (NOTIMEX)—Nicaraguan Foreign Affairs Minister Ernesto Leal described Saturday's [19 November] visit by Mexican President-elect Ernesto Zedillo as a "complete success."

"We are very pleased and very satisfied by Zedillo's visit," the foreign minister said in a news conference, while describing "as a great success" the meeting held with the future Mexican president and Nicaraguan President Violeta Chamorro.

Leal reported that Zedillo and Chamorro studied the support the Mexican Government "could give Central America and especially Nicaragua, so that eventually we may be part of NAFTA."

He said that if by December, when Zedillo takes office, the free trade treaty between Mexico and Nicaragua has not been signed, the new president would be willing to continue the negotiations.

The foreign minister added that the goal of the talks would be to sign a bilateral agreement during the first months of 1995.

In April, Chamorro and current Mexican President Carlos Salinas de Gortari, expressed their wish to sign the trade agreement before 1 December, when Zedillo takes office for a six-year term.

Right now, negotiating groups from both countries are seeking formulas to come to terms with the issue of the agricultural and cattle sector, especially access to the Mexican market for Nicaraguan beef and sugar.

Nicaraguan Finance Minister Pablo Pereira said this weekend that Mexico has proposed that a 16-percent customs duty should be paid on beef and from that level, a tariff reduction process should begin, an offer that does not satisfy Nicaragua.

Currently, there is 20-percent duty on beef.

Leal disclosed that Chamorro and Zedillo also took a joint stance regarding Proposition 187, approved two weeks ago in California, although he did not give details.

The application of Proposition 187, which was suspended by a U.S. federal judge and another one in California, will restrict public services to undocumented immigrants who live in the state.

On Saturday, Zedillo spent three hours in Nicaragua as part of a 48-hour tour through Central American countries, which began on Friday.

Chamorro 'Welcomes' Nomination of Army Chief

PA2211190994 Managua Canal Cuatro Television in Spanish 0400 GMT 22 Nov 94

[From the "Extravision" newscast]

[FBIS Translated Text] President Chamorro has declared that she welcomes the nomination of Major General Joaquin Cuadra as new Army chief, because he has the support and endorsement of all Military Council members.

Amid these times of change, the Sandinist People's Army [EPS] is conducting its regular combat training. Today, the military began its rifle and pistol target shooting championship. The only members of the military to take part in the first day of competition were the best marksmen among EPS majors, lieutenant colonels, and colonels.

Here, at this very shooting range located at the Andres Castro Sergeants School, General Humberto Ortega will preside over a ceremony on 30 November to mark the end of a course for first sergeants. This may be the last official ceremony in which the general will act as chief of the EPS.

Lieutenant Colonel Ricardo Wheelock, who finished in third place in the pistol shooting competition, spoke about the proposal the Military Council forwarded to President Chamorro last week.

[Begin recording] [Wheelock] We sent the president a Military Council's proposal that was approved unanimously. We proposed the president appoint Maj. Gen. Joaquin Cuadra to the post of Army chief. We believe this is what will take place.

[Unidentified reporter] Is there strong consensus among the military and the executive?

[Wheelock] Absolutely.

[Reporter] When will the president respond at the latest?

[Wheelock] The law states that the president of the Republic will appoint the Army commander on 21 December. [end recording]

Meanwhile, the president, appearing nonchalant over the issue, said she would welcome the appointment of Maj. Gen. Joaquin Cuadra as Army chief.

[Begin recording] [Chamorro] We must all make changes once in our lives. There comes a time when we finish our mission.

[Unidentified reporter] [Words indistinct]

[Chamorro] They said he was elected unanimously. This is great. I welcome Cuadra's appointment.

[Reporter] Does he have your support?

[Chamorro] He must have my approval, as well as yours. [end recording]

According to Article 8 of the new Military Code, the president appoints the Army commander for a five-year term following the Military Council's nomination. The nomination must be sent to the president at least one month before the expiration of the five-year term. The new Army chief then assumes his duties two months after his appointment. In this case, the appointment will be made on 21 December, and the new Army chief will assume his post on 21 February 1995.

Assembly President Comments on Reforms

PA2211124794 Managua Telenica Canal 8 Television
in Spanish 0230 GMT 21 Nov 94

["Excerpt" of an interview with Luis Humberto Guzman, president of the Nicaraguan National Assembly, by Carlos Briceno, president of Telenica Canal 8 Television; place and date not given—recorded]

[FBIS Translated Text] [Briceno] There is a clear message: The deputies are united. Do you believe this statement will push the enemies of the reforms into changing the strategy and mechanisms they could use to oppose the reforms?

[Guzman] I believe intelligent people can understand what message is being conveyed, what the will of the people is. I do not believe the reforms should be seen as something that contravenes anybody's particular interests.

I recall that all the National Opposition Union [UNO] deputies, the president, and the vice president of the country, everybody, are committed to a reform of the Constitution, everybody. As I see it, now is the moment for honoring the commitment we acquired to reform the Constitution.

I do not believe we are doing anything wrong or being disloyal or failing to honor a commitment; on the contrary, we are honoring a commitment we have with the voters, and this point is why we are speaking in favor of democratizing the country.

[Briceno] What arguments were used by the deputies who voted against the introduction of the reforms for debates, and how do you believe they could request that the Supreme Court declare these reforms unconstitutional?

[Guzman] They have been unable to present one single solid argument. There are points of view, opinions, and beliefs on procedures, but there are just a smokescreen in my opinion.

The important fact to establish is who is in favor and who is against the reform; this is the basic point. This is not a matter of debating legal aspects but of debating the positions in favor of and against the reforms. This is the core of the matter.

[Briceno] During the recent voting at the National Assembly to introduce the reforms for discussion, what deputies either voted against the reforms or abstained?

[Guzman] The abstention group was headed by former President Daniel Ortega. The votes against were, especially, from the Center Group and the party headed by colleague Adolfo Jarquin.

[Briceno] In your opinion, these people are opposed to the reforms because of principles, for ideological reasons, or for some other reason?

[Guzman] Former President Ortega spoke of reservations that I believe are of a different nature. If I understood him correctly, he has said it is necessary to strike a deal: the reforms to the Constitution in exchange for the Property Law. This is what I understood from what he said at the plenary session.

The representatives of the Center Group and the party headed by Adolfo Jarquin have expressed reservations of

a procedural nature. I did not hear them mention any reservation of a fundamental nature for opposing the reforms.

The fact is that so far they have not supported the voting.

[Briceno] Do you believe if the reforms are passed and become law, the citizens who apparently want the reforms will chastise the deputies and politicians who are speaking and voting against the reforms?

[Guzman] There is one fact we must always have in mind. The citizens will be watching to see who is consistent. There are deputies who never committed themselves to reforming the Constitution. This is the case of the Sandinist bench. A reform was not part of its 1990 elections platform. Reforming the Constitution constituted part of our platform, our commitment. I do believe the people will be observing to see who honors their commitments and who does not.

[Briceno] Former President Ortega continues to use a violent and fiery language. Doesn't it make you somewhat apprehensive? Doesn't it cause consternation among those Sandinist Front deputies who are voting against FSLN secretary general directives?

[Guzman] I cannot speak for the other Sandinist bloc deputies, but, in all honesty, I am neither concerned about his language or about him.

[Briceno] We were able to interview Mr. Thomas Delaney, the main legal adviser of Presidency Minister Antonio Lacayo, recently during the "In Depth" program broadcasted over Telenica Channel 8. Mr. Delaney, who is also presidency deputy minister, expressed his opposition to the constitutional reforms. I understand that you were able to either watch the interview or you were told about it. What can you say about the arguments raised by Mr. Delaney against the reforms?

[Guzman] I still insist the intended constitutional reforms cannot be labeled as unconstitutional, because it would be a contradiction. This point is the case simply because the Constitution is the point of reference where we determine whether the laws that fall under the Constitution abide by it. In this specific case there is a recommendation to reform the point of reference; therefore, to believe the reforms aimed at modifying the points of reference can be unconstitutional is an absurdity.

[Briceno] Nevertheless, Mr. Delaney insinuated this would still be insufficient to dissuade the executive branch from labeling the reforms unconstitutional even if the assembly deputies decided to proceed step by step with the reform. The executive branch would do its utmost to oppose the reforms according to Delaney and would never accept the reforms as a new legal framework as a last resort.

[Guzman] That is somewhat understandable. Mr. Thomas Delaney is not an elected official; he is an appointed member of the administration, and he has never endorsed this obligation. The problem here is for the president of the Republic. She has made a commitment to the voters that she would reform the Constitution. In my opinion, the main difference lies in whether she is willing to honor the pledges she made to the voters. I am not going to discuss the legal details and implications. To what we have to call attention is that there is a clear disposition by the Assembly to reform the Constitution, and the National Assembly is the competent authority to carry this point through, given it favors any attempt to democratize the country.

[Briceno] Deputy Minister Delaney also said the country is headed straight toward some type of chaos, because the executive branch would resort to the Supreme Court of Justice, which would or would not rule in favor of [words indistinct], if the reforms were approved. Let us assume the Supreme Court were to rule against the reforms, in favor of the reforms, or simply decides not to rule. The executive branch decides not to accept the reforms which would create chaos or a period of instability in our country. In this respect, we would be having two constitutions. The deputies [word indistinct], civilian society, and the political parties would be saying this is the legal framework, and the executive branch would say it does not accept the legal framework. It would seem the country is headed toward a situation of chaos if one pays close attention to the statements made by Mr. Delaney.

[Guzman] I believe it is nothing more than a maneuver to influence the deputies. The government is the one that benefits the least from trying to disavow constitutional reforms legally approved by the assembly. I believe it was an old strategy on his part to say we are heading for chaos. I do not believe that there will be any chaos in Nicaragua and that the reforms will pass without any problems.

[Briceno] If the situation were to come to that point—and everything seems to indicate the executive branch is willing to allow matters get to that point—there will be the need for an impartial mediator in this country. Certain sectors believe that impartial mediator may even be the Armed Forces. Are the deputies involved in the discussions of the constitutional reforms unconcerned this situation could come about?

[Guzman] I respect the intelligence of the members of the Armed Forces. In this respect, I do not believe they are too eager to wreck all they have been able to accomplish in ensuring the people's trust by getting involved in this issue, even if certain sectors are trying to convince them to get involved. I believe they are intelligent enough not to get involved in this situation.

[Briceno] How far are the deputies willing to go at the expense of carrying out these reforms? How far are they

willing to mobilize the civilian society to ensure the votes in favor of the reforms?

[Guzman] I would not like to broach this situation in such a way that could suggest the National Assembly is attempting to exceed the jurisdiction of the other state branches. We have already made an effort get to know, understand, and to a certain extent accept the opinions of the other state branches, as well as the other sectors of society.

Concerning the executive branch, we have been trying for more than a year to reach an understanding on the content of the reforms, but the talks came to a standstill when the government began threatening with a veto and became extremely conservative. The executive branch even adopted an attitude whereby it did not even want to contribute anything that would serve to advance democracy in the country; instead it merely sought to limit the reforms to mere cosmetic issues. It was at that point when we were forced to break off the talks. Nevertheless, we have continued with a receptive attitude toward certain positions, such as, for example, with the Supreme Court of Justice.

The original project recommended the establishment of new courts. The Supreme Court expressed its reservations as well as its observations, and we were able to arrive to a solution that allowed the creation of new jurisdictions but implemented by the Supreme Court. We began by expanding the jurisdiction of the courts and then extended the composition of the lower courts, a move which allowed the new jurisdictions to operate more efficiently. What I am trying to say by all this is that we have continued to maintain a receptive attitude, a disposition to reach an agreement. All of this, of course, without relinquishing the fact what the Constitution itself establishes; that is, that the president of the Republic cannot veto. The Constitution bars the president from vetoing, meaning implicitly that the authority to reform the Constitution belongs exclusively to the National Assembly.

Poll Reflects Negatively on FSLN, Government

Leaders' Popularity Surveyed

95CA0021A Managua EL SEMANARIO in Spanish
13-21 Oct 94 pp 10-11

[Article by Roberto Cajina on results of poll conducted by M&R Consultants between 26 and 30 September 1994]

[FBIS Translated Text] Although the Sandinist National Liberation Front [FSLN] has reconfirmed that it remains the most popular single party in Managua, even surpassing the Constitutionalist Liberal Party (PLC) in this regard, it seems hopelessly doomed to another electoral defeat. A large majority of people say that it will not win the general elections in late 1996.

M&R Consultants, the local polling firm that predicted the PLC's victory in the regional elections along the Atlantic Coast eight months ago, conducted a public opinion survey between 26 and 30 September at 22 sampling points in the city of Managua (neighborhoods and business districts).

FSLN Has No Chance of Winning in 1996

Its findings are that in spite of the "support" that the FSLN has from 27.8 percent of the sample, 55.3 percent feel that the party, which since early 1994 has been mired in the deepest crisis in its history, "has no chance of winning the 1996 elections." The poll also reveals, as an explanation of this judgment, that the Sandinist Front is perceived by Managua residents as a political group that clings to the past, refuses to overhaul itself, and remains "the same as before" (54 percent), unable to convince 52.3 percent of Managua that it has finally become a truly democratic party.

In contrast to the Sandinist Front, the PLC, which has the support of 16.7 percent of the people in the capital, is the party with the best chance of winning the most votes in the 1996 general elections. Some 53.4 percent of the respondents feel this way. This is obviously no accident but rather a faithful quantitative reflection of reality, inasmuch as there is an extraordinary correspondence between this number and the percentage of people who expect the FSLN to lose in 1996 (55.3 percent) and who say that it is not democratic (52.3) and that it refuses to change (54).

PLC Commands 85.5 Percent of the Undecided Vote

One extremely revealing fact bears noting. In the table on support for political parties we can see that the largest category is "no political sympathies," the segment of the population comprising those whom experts describe as the "undecided." They are ultimately the ones who have the last word and decide electoral contests. Thus, we should note that in order to be seen as the likely winner by 53.4 percent of people and yet enjoy the support of only 16.7 percent of them, the PLC has to be backed by 85.5 percent of the silent majority that does not identify with any political force, at least not in polls, but that has already made its choice for 1996.

This is not an attempt to "rig" the numbers. If the above does not convince skeptics and orthodox thinkers, then the voting intentions of Managua residents bear reviewing. According to the findings of the poll conducted by M&R Consultants, Arnoldo Aleman, the mayor of Managua, the national president of the PLC, and unquestionably his party's candidate in the next election, would defeat Daniel Ortega in a one-on-one race by 47 to 33.8 percent, Sergio Ramirez by 46.5 to 31.1 percent, and Antonio Lacayo by 49.7 to 19.4 percent.

Lacayo Would Be Routed by Aleman

As we can see from these statistical projections, Aleman would score a crushing victory over the minister of the

presidency. It makes sense, then, to ask why Lacayo is desperately trying, with the support of the FSLN's orthodox sector, to see to it that the proposed constitutional reforms do not include any restrictions on the president's close relatives, that is to say, on his own presidential ambitions. Minister Lacayo's fate seems to have been already decided. If Daniel Ortega were the candidate and ran against President Chamorro's right-hand man, Ortega would defeat him too, by 34.8 to 23.9 percent, but with the highest rate of voter abstention. The poll thus shows that the victor would be preferred by one-third of the population and that the real winner would be nonvoters. Objectively speaking, neither of the two is the voters' choice.

Neither Reelection Nor Nepotism

A few months ago the secretary general of the FSLN, Daniel Ortega, for reasons that became clear later on, began a campaign to discredit the work of lawmakers in the National Assembly because what goes on there is just "scheming by party leaders behind the back of the Nicaraguan people." Recently, when he tried to prevent the Constitutional Reforms Bill from being introduced in Congress, Ortega criticized the decision by Sandinist deputies because, he argued, "there is no consensus" among congressional political forces and because "the rank and file have not been consulted."

Aside from the fact that former president Ortega has made common cause with Minister Antonio Lacayo (reelection and no impediment to presidential succession, attached to a so-called Property Law), it is most noteworthy that M&R Consultants has uncovered a consensus among Managua residents on these crucial issues. Some 65.9 percent of Managua residents say that they "agree that there should be no reelection in Nicaragua," while 63.4 percent do not want "the close relatives of the president (no matter who he or she is) to be presidential candidates."

The Good, the Bad, and the Unknown

Other revealing data about the Nicaraguan political situation are to be found in connection with the image of political figures. From April 1990 to just before the poll, President Chamorro had a plus rating (the difference between negative and positive opinions). This time, however, she scores a minus 13.6 percent and for the first time falls into the category of "bad," in the judgment of Managuans, along with the minister of the presidency, Antonio Lacayo (-20 percent); FSLN deputy Daniel Ortega (-8.3), and businessman Ramiro Gurdian (-4.6).

Heading up the "good" category (in other words, a positive rating) this time is the national president of the PLC, Arnoldo Aleman (+25.4 percent), followed by Sergio Ramirez (+11.7), and the chairman of the Supreme Electoral Council, Mariano Fiallos Oyanguren (+10.7). Aleman has ousted Ramirez from the top spot that he held for many months. In the judgment of political analysts, this may be due to the smear campaign

that the orthodox wing of the Sandinist Party has launched against the former Nicaraguan vice president.

It should be noted, moreover, that radio station owners Fabio Gadea Mantilla and Jose Castillo Osejo, as well as former Higher Council of Private Enterprise president Ramiro Gurdian, all of whom are seeking their parties' presidential nomination, are altogether unknown to people in the capital, as can be seen from the pertinent table.

What Is Your Opinion of the Following Political Figures? (percent)

Name	Good	Poor
Arnoldo Aleman	55.5	31
Sergio Ramirez	48	36.3
Daniel Ortega	39.9	48.2
Jose Castillo	37.7	21.9
Violeta Barrios	36.4	50
Fabio Gadea	33.6	27
Ramiro Gurdian	32	36.6
Antonio Lacayo	31.5	51.5
Mariano Fiallos	31	20.3

For Whom Would You Vote if Antonio Lacayo and Arnoldo Aleman Were the Candidates?

Arnoldo Aleman	Antonio Lacayo	Neither	Not sure/no reply
49.7	19.4	17.9	11.6

For Whom Would You Vote if Daniel Ortega and Arnoldo Aleman Were the Candidates?

Arnoldo Aleman	Daniel Ortega	Neither	Not sure/no reply
47	33.8	9.6	9.6

For Whom Would You Vote if Sergio Ramirez and Arnoldo Aleman Were the Candidates?

Arnoldo Aleman	Sergio Ramirez	Neither	Not sure/no reply
46.5	31.1	11.8	10.6

Does the FSLN Have a Chance To Win the 1996 Election?

Yes	No	Not sure/no reply
31.8	55.3	12.9

Is the FSLN a Democratic Party?

Yes	No	Not sure/no reply
34.6	52.3	13.1

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Do You Agree or Disagree That the President's Close Relatives Should Be Able to Run for President?

Agree	Disagree	Not sure/no reply
63.4	33.1	3

Do You Agree or Disagree That There Should Be Reelection in Nicaragua?

Agree	Disagree	Not sure/no reply
65.9	30.1	3.3

Which Political Group Do You Support?

None	42.9
FSLN	27.6
PLC	16.7
Liberals (others)	4.8
Government	3.6
UDC	1.5
Others	1
Conservatives	1
PRN	0.5

Economy Viewed

95CA0021B Managua EL SEMANARIO in Spanish
20-26 Oct 94 pp 10-11

[Article by Roberto Cajina on results of poll conducted by M&R Consultants conducted between 26 and 30 September]

[FBIS Translated Text] Just 18 months before the end of her presidential term, the administration of President Violeta Barrios de Chamorro is at a dead end. The chronic and unresolved economic crisis is now being compounded by a new and dangerous bout of political instability that is threatening the institutions of the Nicaraguan State and further undermining the national and international credibility of our authorities.

The presidential ambitions of the minister of the presidency, Antonio Lacayo, have once again pointed up the scant or nonexistent independence of the Judiciary (Supreme Court) vis-a-vis the Executive Branch. Deputies and officers of the National Assembly have charged that financial pressure is being applied as part of a conspiracy to prevent Congress from debating and passing a major package of reforms to our Political Constitution. Such reforms, lawmakers say, are essential to laying the groundwork for the true rule of law, to assuring a balance among the branches of government, to ending the presidentialist system inherited from Sandinism, and to warding off, once and for all, the dangers of nepotism and the status quo, which throughout Nicaraguan history have combined to produce the worst sort of dictatorships.

Administration Has Already Lost All Credibility

The most recent survey taken in Managua by the polling firm M&R Consultants reveals that the image of both President Chamorro and Minister Lacayo is seriously tattered, as they have unprecedented negative ratings (-13.6 and -20 percent, respectively). Although there is no automatic relationship between the two, the administration's inability to solve the worst economic and social crisis in Nicaragua's history has been compounded by this new political crisis, which further destabilizes the situation.

The credibility of the Chamorro-Lacayo administration is no longer at stake; it simply does not exist. According to the M&R Consultants poll, 68.4 percent of the people of Managua say that their economic situation "worsened" from December 1993 to this September. One-fourth say that it is the same, and just seven percent say that it "improved." Who, then, we should ask, has benefited from the economic policies that Minister Lacayo has promoted?

The answer is obvious, but even more obvious is the fact that people have been left practically without hope in the face of this tragic situation. After almost five years of broken promises, failed takeoffs, and frustrated dreams, 60.9 percent of the respondents cannot but think that their economic situation is tending to "worsen," while just 1 in 100 trusts that it is going to "improve."

Women, the Hardest Hit and Most Incredulous

When the replies to the two questions are broken down by sex, it becomes obvious that women have been hit hardest by the economic crisis and have the least hope that it will improve. The age breakdown shows an inverse relationship, as can be seen in the tables; the older people are (therefore having more responsibilities), the more they acknowledge the crisis and the lower their hopes are.

The M&R Consultants poll also yields up a long list of the main problems facing Managua and all of Nicaragua: unemployment, health care, education, law wages, housing, the high cost of living, crime, political instability. It is noteworthy that 7.3 percent of people say that they have no problems. This is exactly the same percentage of people who say that their household's economic situation "has improved" over the past nine months!

They Failed Over Five Years, So How Are They Going To Do It in One?

The loss of credibility in the administration headed by President Chamorro and Minister Lacayo is no accident. It is the result of a simple arithmetic calculation: if they were unable to resolve the economic crisis in four and

half years, with millions in aid from the international community, how are they supposed to do so in the 18 months they have remaining, especially when the downturn in international financial aid is an irreversible fact.

Economic Failure Dominates Election Preview

In what could be regarded as a preview of the November 1996 election, residents of the capital, most of whom (57.8 percent) are aware of the upcoming debate on constitutional reforms, have handed down a definitive, irreversible verdict. Some 65.9 percent support no reelection, a resounding no to the status quo. Some 63.4 percent support the restrictions on the president's relatives being able to run for president in the immediately succeeding election, another resounding no to nepotism.

Chamorro and Lacayo Have Governed for an Elite

Independent economists and labor leaders of all persuasions whom EL SEMANARIO consulted agree that President Chamorro's administration, with Minister Lacayo in the forefront, is going to be remembered for its docile reaction to the impositions of the International Monetary Fund and the World Bank. Few will have pleasant memories of it, except of course the 7.3 percent whose economic situation improved at the expense of the more than three-fifths of the population living in poverty, the same elite that replied: "Main economic problems? None!"

What Is the Outlook for Your Economic Situation in the Coming Months? (all respondents)

Reply	Percent
Will worsen	60.9
Will stay the same	21.7
Will improve	9.8
Not sure/no reply	7.3

How Would You Describe What Has Happened to Your Household's Economic Situation From December 1993 to the Present?

Reply	Percent
It has worsened	68.4
It has stayed the same	24
It has improved	7.3
Not sure/no reply	0.3

How Would You Describe What Has Happened to Your Household's Economic Situation From December 1993 to the Present? (Breakdown by sex)

Sex	Has worsened	Has stayed the same	Has improved	Not sure/no reply
Women	70.3	23.6	6.1	0.5
Men	66.3	24.5	7.3	0.3

How Would You Describe What Has Happened to Your Household's Economic Situation From December 1993 to the Present? (Breakdown by age brackets)

Age	Has worsened	Has stayed the same	Has improved	Not sure/no reply
14-19	49.2	36.8	14	—
20-24	59.5	31.1	8.1	1.3
25-34	69.3	22	8.7	—
35-50	79.3	17.9	2.8	—
51 and over	84.4	12.5	3.1	—

What Is the Outlook for Your Economic Situation in the Coming Months? (Breakdown by sex)

Sex	Will worsen	Will stay the same	Will improve	Not sure/no reply
Women	61.9	20.9	8.6	8.6
Men	59.8	22.8	11.4	6

What Is the Outlook for Your Economic Situation in the Coming Months? (Breakdown by age brackets)

Age	Will worsen	Will stay the same	Will improve	Not sure/no reply
14-19	50	31	16	3
20-24	51	30	10	9
25-34	62	19	9	10
35-50	69	13	10	8
51 and over	69	21	3	7

Technical Data

The poll was conducted between 26 and 30 September 1994 in the city of Managua. A properly structured questionnaire was used in personal interviews with residents of both sexes ranging in age from 14 to 60. Sampling points were selected, with an average of 20 interviews at each.

The following districts were sampling points: Villa J.B. Escobar, Las Mercedes, La Primavera, Waspan, 9 de junio, Rafaela Herrera, Americas 1, Villa Libertad, Carlos Marx, Domitila Lugo, Santo Domingo. El Boer, 3-80/CAS Sector, Independencia, Grenada, Villa Roma, Ciudad Sandino, and Mons. Lezcano, as well as the Metrocentro shopping center, Plaza de Compras shopping center, Managua shopping center, and Plaza Espana shopping center.

Four pollsters and one supervisor did the field work. Each interview took about 10 minutes. The size of the sample was 400 interviews, which yielded 396 valid responses. The estimated statistical margin of error for the poll universe is plus or minus five percent. The resulting sample shows the following breakdown by the main variables studied:

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Economic Status	
Upper middle	8.8percent
Lower middle	20.7
Lower	43.4
Poor	27.0

Sex	
Male	46.5percent
Female	53.5

Age Group	
14 to 19	14.4percent
20-24	18.7
25-34	32.1
35-50	26.8
51 and over	8.1

Legality of BARRICADA Editor's Dismissal Questioned

95CA0024A Managua BARRICADA in Spanish 20 Oct 94 p 8

[Commentary by Cristiana Chamorro B.: "BARRICADA"]

[FBIS Translated Text] The deadline given Carlos Fernando Chamorro Barrios, the editor of BARRICADA, by the National Board of the Sandinist Front is just a few days away. Apparently, my brother, a journalist and a Sandinist, has only two choices. He can submit to the orders of those who claim to own the newspaper, or he can free himself from the obligation to obey the orders of the Sandinist Board, the alleged owner of the Sandinist Front daily newspaper.

The journalists and other employees of this newspaper, who together with Carlos Fernando, have forged a working team and share feelings and convictions, are faced with a similar choice.

From one point of view, we could compare the sword of Damocles that hangs over our heads today with what might be felt by a parent of child who, after having taught him to walk, to read, to be aware of what he wants to be in life, sees the child snatched from him by a powerful force. We share the inevitable pain this parent feels because of the violent separation from the child. Also, we are saddened by the uncertain future of the BARRICADA team, and by Nicaragua's loss if it is left without a newspaper that has continued to develop every day, adapting to the exercise of the freedom of expression now guaranteed us by a democratic state.

From another point of view, the choice facing the BARRICADA journalists presents us with a dilemma that has to do with the freedom of thought and expression we enjoy as professionals in the information field

and the rights of the owners of media enterprises. In short, which right prevails over the other in a media enterprise—the right of ownership or the right of freedom of expression?

In connection with the BARRICADA case, we are asking ourselves:

1. Can the board of the FSLN [Sandinist National Liberation Front], as the owner of BARRICADA, dismiss its editor, Carlos Fernando, on the basis of its right of ownership?

2. Is the position of the personnel working for the daily newspaper in question, who oppose his dismissal because it would violate his right to express his view freely, a correct position?

3. Would this right be violated, in fact, if the dismissal occurred?

These are difficult questions to answer when we turn our attention to the truth and the justice of the matter.

It can be deduced from our national laws that if an individual owns a media enterprise, he also has the right to guide this agency in the ideological or political direction he deems desirable from the point of view of his own interests, provided that he does not break the law. As a result, the owner of a media enterprise can legally focus its efforts on the publication of propaganda for a given political party or candidate, to the promotion of peace or violence, change or regression—provided always that he remains within the framework of the law. He can even push his enterprise to the brink of bankruptcy in defense of, or in opposition to, particular causes.

What is tragic is when the owners of a media enterprise rule like despots over those whose thought, intellect, and labor have given and are giving life to the enterprise. The BARRICADA case is not the first in Nicaragua in which dialogue and consensus have been ignored in order to appease the political interests represented in the editorial offices.

Recently, a local daily dismissed its editor, allegedly because he refused to follow the owner's guidelines. The individual dismissed had no legal basis for claiming that this action violated his right to freedom of expression or the right to truthful information. At another Nicaraguan daily newspaper, two of the three owners, exercising their right as owners of 66 percent of the enterprise, imposed the political and economic criteria they wanted without prior discussion. These were impositions to which there could be no objection from the point of view of legality, but objections are indeed justified from the point of view of ethics and justice.

The paradox lies in the fact that, on the one hand, those who today want to exercise this right in Nicaragua are people who in the past went so far as to attack private ownership itself, preaching a social system that would allow broader participation in business capital. On the

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other hand, those who waged the struggle for freedom of expression in the past are today exercising their right of ownership in violation of the freedom of the journalists as individuals. And they are attempting to censor those who differ from their point of view and to make the decisions as to what truth the professional journalists should publish.

Both cases, which represent ironical developments in our recent history, pose yet another challenge to the democratic society in Nicaragua, and to journalists in general. They reveal the need for trade-union solidarity in defense of greater respect for the exercise of the right of journalists to freedom and their dignity as professionals, their intellectual and creative work, and their sovereign rights as human beings.

In conclusion, we would say that in terms of the rules of ownership, the workers at BARRICADA have no legal justification for defending themselves or Carlos Fernando based on the argument that the right of the workers and the editor to freedom of information overrides the rights of the owner. However, from the point of view of yet one more journalist, I believe that Carlos Fernando should neither resign nor submit. He should defend his views together with all of the other journalists and workers at BARRICADA. The owners will have to choose between their sacred rights of ownership and the respect they owe the professionals in the information field, the workers and intellectuals in the Nicaraguan media sector.

Liberal Party Leaders View Unity

Aleman on Factions

95CA0020A Managua EL SEMANARIO in Spanish
20-26 Oct 94 p 14

[Interview with Managua Mayor and PLC President Arnoldo Aleman by Walter Lacayo; place and date not given]

[FBIS Translated Text] The president of the Constitutionalist Liberal Party (PLC), Arnoldo Aleman, who is known in Nicaraguan political circles as a "right-wing radical," and Rodolfo Robelo, a Supreme Court justice and vice president of the Independent Liberal Party for National Unity (PLIUN), a moderate identified with the "Liberal left," are the people interviewed this week as part of an EL SEMANARIO series on Liberal unification. The opinions expressed by the two political leaders are quite similar in many respects but also reflect obvious disagreements. We prefer that our readers be the ones to identify them, however.

[Lacayo] How do you think Liberal unity ought to come about?

[Aleman] After holding countless meetings with the PLI [Independent Liberal Party], we reached the conclusion that we did not have major differences and that the disagreements were merely subjective. In this regard, we

all agree on philosophical principles. Every time we visited the municipalities and departments, we realized that the rank and file want Liberal Party unity; so, Virgilio Godoy and I have spurred such unity. We have to recognize that Dr. Godoy has been active for many years in liberalism and has been a great leader. One of the things we say is that liberalism is a cradle of values and includes people capable of serving as party president and of filling the post of chief executive of Nicaragua. On 2 August all wings of the movement signed the document in which we pledge to work under a single banner and a single anthem.

[Lacayo] Will it, in fact, be possible to reconcile political interests across the span of leftist, rightist, anti-Somozist, and even Somozist Liberals who are vying for leadership positions?

[Aleman] I have a different view from yours. These concepts of right, center, and left do not exist in liberalism. Sadly, we now find that the people who call themselves leftist are the ones who were considered rightist in the past, all the ones who refuse to make changes, who do not want the rule of law but instead want to preserve what they have obtained illicitly, in Somozist style. We now see that the radical part of Sandinism, which calls itself leftist, wants to preserve all its ill-gotten gains. The Liberal Party is, in its essence and thought, a democratic party. It is not the will of one person; it has never been a top-down organization. Things like Somozism happened, but to me this was a dictatorial approach, as could happen in any party. Now that the syndrome of Somozism is behind us, liberalism has been reborn.

[Lacayo] Your being mayor of Managua obviously gives you an edge over the other Liberal leaders. Do you think that they are going to accept these unfavorable conditions?

[Aleman] My answer is: Isn't a vice president of the republic more important than a mayor?

[Lacayo] But you are talking about a vice president without functions who...

[Aleman] Yes, but he is the vice president, and you have to realize that functions are up to the individual. We must remember that our people have a high degree of political ignorance. The vice president of the republic has a national jurisdiction. Arnoldo Aleman has his local jurisdiction, with a local projection. I do not see how a post can give a person influence when that person is not a leader. You can put that person in whatever position, and he will go no further. I have imposed no one, nor are we ever going to impose anyone. Our five parties have equal opportunity in liberalism.

[Lacayo] At the Liberal convention the various parties will have representation proportional to their organizational capacity; in other words, the ones with more

municipal councils will have a larger presence. And it is obvious that among the Liberals the PLC is the best organized.

[Aleman] The PLI too. We must realize that the PLC began to take off in 1990, whereas the PLI began its comeback in 1980, but this poses no danger. We are forgetting about initials like PLIUN, PALI [Liberal Party of Nicaragua], PLI...whatever. What we are after is unity, and this team spirit exists in all the groups. If we in the PLC hold a good many municipal councils, then just imagine what it will mean to add in the others.

[Lacayo] How are you going to resolve the problem of Haroldo Montealegre's presidential candidacy?

[Aleman] Every Nicaraguan is entitled to run for president. Haroldo is a young, intelligent, capable lad, a great Liberal. He was once the Sandinist minister of international cooperation (CORFIN). What he needs to do is drum up support in the party for his nomination; the rank and file will choose. What I want to make clear is that there are no mobs or threats or sanctions or anything of the sort here.

[Lacayo] The PLC has always been scornful of constitutional reforms. Now that this process has started, there are two forces that are clearly opposed to the reforms: Antonio Lacayo heading up the government and Daniel Ortega in charge of the FSLN. Affinities unite. Might we soon see Arnoldo Aleman alongside these forces, trying to block reforms of the constitution?

[Aleman] No, no, no. We Liberals have said that we are vigilant because we do not wish to be innocent to a fault, nor do we want to play into anyone's political hands. This is how Somoza began in 1934, trying to bypass the reforms, and it kept on happening under his sons through nepotism. The principle of "no nepotism" must be observed. If a person has governed well, he or she should have the right to run again, but every other term, because otherwise he could use the government's resources for his campaign.

[Lacayo] But you ought to find the present constitution appealing, since you are running for president.

[Aleman] Actually not. I am a democrat by birth; I do not like dictatorships. I repeat: I am a democrat; I have been one in city government and I have been one in my party. Do unto others as you would have them do unto you. I am in favor of certain reforms of the constitution, and during the next term a Constitutional Assembly ought to be elected to draft a new constitution.

PLIUN Leader on Party Strengths

95CA0020B Managua EL SEMANARIO in Spanish
20-26 Oct 94 p 15

[Interview with PLIUN Vice President Rodolfo Robelo by Walter Lacayo; place and date not given]

[FBIS Translated Text] [Lacayo] How do you view Liberal unity?

[Robelo] The PLIUN was created as an attempt to unify the Liberal Party and to reconcile Nicaraguans. Without doubt we have made great progress; I have seen willingness, generosity, and a conciliatory spirit among those who head the various Liberal parties. So, we are on the way to achieving the goals proposed by the PLIUN [Independent Liberal Party for National Unity]. I should also state that we have made it clear that the progressive wing of liberalism follows the philosophy of an effective social liberalism. We aim to do all we can to achieve the unity that Nicaraguans long for and that must stand as an example to other currents in Nicaragua of how they can do likewise.

[Lacayo] What do you think of the document of intent regarding Liberal unity that was signed this past 2 August?

[Robelo] I find the result to be highly positive. There is already a national board made up of the presidents of all the parties. Also, five commissions have been set up and are working efficiently. One has to do with ideology; it is trying to unify the principles of liberalism that are common to the various currents and to establish symbols, and we are not having any sort of problems here. We have agreed that liberalism's official day will be 11 July, owing to the significance of the great reforms that were established in Nicaragua in 1893 through the triumph of the revolution headed by General Jose Santos Zelaya. Concurrently, we have decided that liberalism's anthem will be "Hermosa Soberana," which as we know, besides having been the national anthem, was later the anthem of liberalism, of Zelaya. What we are trying to do is establish a real link between the meaningful reforms that brought progress to Nicaragua and our aspirations today.

[Lacayo] How is the Liberal convention of 14 January 1995 being organized?

[Robelo] We want to have 520 convention delegates from the various currents of liberalism. Each current would be entitled to 20 delegates, and then there would be a mechanism for selecting the rest.

[Lacayo] We know that the arrangement for choosing the convention delegates who are not there by rights will be proportional to the party structure of each current. In that case, wouldn't the PLI [Independent Liberal Party] and mainly the PLC have an advantage?

[Robelo] Unquestionably yes. In real terms there is an advantage. But perhaps we could establish an intermediate arrangement that would favor and provide opportunities for the other currents, in the sense of setting a common denominator equivalent to the number of departmental or municipal councils of all currents. Each party will need to make its proposals more flexible to

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prevent such imbalances, in a bid to consolidate real unity that will enable liberalism to gain power in 1996.

[Lacayo] How can political positions possibly be reconciled when some people have an edge over others, for example the PLC and Managua Mayor Arnoldo Aleman?

[Robelo] Actually there are personal ambitions in many currents, but the primary concern is to get unity on track. I do not think that this is the time to be thinking about individual leaderships. The hardest stage is the one in which we must make the sacrifice required by this sort of unity, which means drafting a real program for liberalism that everyone can support and that we are all going to honor. That is our priority. The time has come for us to say what we can offer the Nicaraguan people and how we are going to tackle the country's problems.

[Lacayo] There are many varied Liberal currents in Nicaragua. Some identify with the left, others with the right, and there are even Somozists. How can there be unity amid such contradictions?

[Robelo] One historical clarification: There is a Liberal current that was never Somozist, the Independent Liberal Party. It began not in 1944, as claimed, but when Somoza began having designs on a monopoly of power in 1936, when he ran for president while chief of the National Guard. Ever since then there have been Liberal movements that opposed him. We in the PLIUN later split from the PLI. But to answer your question, I acknowledge that there are different schools of thought inside liberalism. This is where the party is flexible, as it encompasses thinking that is not necessarily uniform, because that would mean standardizing individuals, which runs counter to being a true Liberal. Here is where the need to draft a minimum program arises, not just a minimum Liberal program but even a national one. The reason is that the tragedy besetting Nicaragua cannot be resolved by a single political party but rather through the involvement of all Nicaraguans, and this is what we Liberals are striving for; this is why Liberal unity is indispensable.

Report on Poverty, Malnutrition

95CA0027A Managua BARRICADA in Spanish
27, 28 Oct 94

[Article by Oscar Rene Vargas]

[27 Oct p 7]

[FBIS Translated Text] Malnutrition is to be found in some form in all regions of the country. The figures may vary depending on the measurement method used, but no one can doubt the seriousness of a problem when its victims number many thousands. More than 50 percent of the population suffers from chronic malnutrition as a result of consuming too little even to cover the minimal daily energy needs. Although the statistical picture is dark, some progress has been made. Life expectancy is continuing to increase, mainly as a result of the decline

in the premature deaths caused by infectious diseases. People are living longer, but not necessarily better.

The National Food Program (PAN) and the FAO [UN Food and Agriculture Organization] have established the food elements the average Nicaraguan citizen's diet must contain in order to meet his daily nutritional needs. It has been determined that a daily per capita intake of 2,155 calories, 54 grams of protein, and 373 grams of carbohydrates is required to meet these needs. The minimum daily quantities recommended are those that will provide the energy required by an individual engaged in normal activity and not suffering from any kind of malnutrition. For higher levels of activity, a proportionally larger number of calories is needed.

Income and Malnutrition

The varying capacity of Nicaraguans to produce or obtain foodstuffs depends on household income (a factor directly related to employment), the availability and cost of local foodstuffs, and consumer choices. On this basis, it is estimated that 68.5 percent of the people do not have access to an adequate quantity of foodstuffs to meet their minimal needs. To this number must be added the people who are victims of other forms of malnutrition.

Environmental Factors

The lack of energy resulting from a mainly carbohydrate diet leads to malnutrition. A lack of proteins, vitamins, and minerals leads to the protein-energy malnutrition from which mothers and children suffer. Often, the mothers themselves pass on these same inadequacies, which lead to slow growth (resulting in individuals who are too short and too thin) and anemia. The result of all this is an organic and cerebral deficiency that affects the physical and intellectual development of little boys and girls.

In addition, a lack of micronutrients can cause damage beginning at conception due to the effect of these elements on growth and the psychological processes. Often the lack of vitamins and minerals creates a vicious circle, and it will take more than one generation to correct it. Malnourished mothers give birth to children who carry the effects of the malnutrition into adult age, and if they are female, into the next generation.

On the other hand, the deterioration of the environment is having a profound effect on nutrition. Every year, for example, between 150,000 and 180,000 hectares of good farmland are being lost. Deforestation is creating an energy crisis that is directly affecting nutrition and aid to families. In some of the rural sectors of the country, for example, mothers spend a good part of their time collecting firewood, which leaves them with less time and energy for caring for their children and working the land. In the cities, coal and firewood are becoming too expensive for poor families, and so for the sake of economy, they cook less frequently, and often keep cooked foods under the most unhygienic conditions.

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The complex interaction of health, diet, poverty, and other socioeconomic factors only gradually becomes clear. However, as this occurs, we are not seeing an increased awareness of how serious the problem is on the part of the Nicaraguan politicians. Nor has it been possible to establish a social consensus about the need to develop strategies for dealing with this aspect of the social debt.

Hunger and malnutrition have ceased to be regarded as problems mainly related to agriculture and health, since they have become factors that affect all sectors of society. It is recognized that malnutrition is both a direct result of and one of the causes of poverty, and as such, it must be at the principal and central concern regarding Nicaraguan economic and social development.

The availability of foodstuffs, measured in terms of calories and proteins per person per day, has declined in recent years from a quantity providing approximately 2,300 calories and 60 grams of protein in 1985 to a quantity providing fewer than 1,602 calories and 42 grams of protein in 1993.

[28 Oct p 9]

[FBIS Translated Text] According to the Third Measurable Consumption Survey for Region III (Managua) carried out in May of 1993 by the Nicaraguan Food Program, the Ministry of Agriculture and Livestock, and the FAO [UN Food and Agriculture Organization], the average energy consumption per person per day was 1,808 calories and 281.4 grams of carbohydrates. These figures represented 83 percent of the recommended norms for calorie intake and 86 percent of the recommended quantity of carbohydrates.

In the population sector characterized by extreme poverty, the per capita consumption provides only 45 percent of the recommended caloric intake. The figure for the population sector classified as poor is 66 percent of

the recommended caloric intake, and that for the population in the low-income sector eight percent [as published]. In other words, more than 3 million individuals in Nicaragua do not have an adequate and proper daily diet.

The average daily per capita protein consumption reported was 52 grams, providing 94 percent of the established norm. In the middle and upper social strata, the protein consumed exceeded the recommended minimum. For the population as a whole, 64 percent of the proteins were of vegetable origin. Daily per capita consumption of proteins was 52 grams in the urban sector, and 44 grams in the rural sector.

Diet Survey Results

According to the Nicaraguan Food Consumption Survey (1993), the daily per capita caloric intake on the national level was 1,602 calories. The figure for Managua was 1,725 calories. The average caloric intake for children, on the national level, provided only 88.9 percent of the daily recommendation. The figure was 95 percent for the city of Managua, that for the rural sector was 72.1 percent, and that for the other urban centers was 91.9 percent.

Of the children under six registered with the health services in 1992, 10.8 percent were classified as suffering from malnutrition, and 21.4 percent were classified as at risk. These figures were taken from the reports issued by the Ministry of Health Epidemiological and Nutritional Oversight System.

The malnutrition levels were similar in 1993, with 10.1 percent of the children classified as malnourished, and 21.3 percent as "at risk."

The National Vital Statistics System reports that approximately 8.2 percent of the babies born in health establishments are characterized by low birth weight.

A comparison of the results of the food consumption surveys carried out in November of 1991 and May of 1993 reveals a deterioration in the dietary situation of the rural population in general and the extremely poor urban sectors.

	Caloric Intake		Protein Intake		Carbohydrate Intake	
	(per capita per day)		(in grams per capita per day)		(in grams per capita per day)	
	Nov 1991	May 1993	Nov 1991	May 1993	Nov 1991	May 1993
Recommended	2,155	2,155	54.0	54.0	373	373
Total	1,801	1,808	51.8	51.1	280	278
Deficit	-354	-347	-2.2	-2.9	-93	-95
Urban	1,800	1,834	52.1	52.4	278	279
Deficit	-355	-321	-1.9	-1.6	-95	-94
Rural	1,807	1,664	50.3	44.0	291	271
Deficit	-348	-491	-3.7	-10.0	-82	-102

Source: Drafted on the basis of data provided in the Third Measurable Consumption Survey for Region III carried out in May of 1993 by the Ministry of Agriculture and Livestock (MAG), the Nicaraguan Food Program, and the United Nations Food and Agriculture Organization, mimeographed, Managua, Nicaragua, December 1993.

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A reading of the table does not show the deterioration in nutritional intake between 1991 and 1993 in terms of the recommended norms.

Deterioration in Rural Sector

A reduction in the daily per capita caloric intake deficit, in relation to the norm, can be observed for the urban population, with a progression from -355 calories per capita per day in November of 1991 to -minus 321 in May of 1993. This represented an improvement of 9.58 percent, even though the later figure provided only 85.10 percent of the minimum requirement for normal human development. However, it was in the rural population that the energy deficit showed a serious deterioration, from -348 calories per capita per day to -491, during the comparable period. This was a negative progression of about 29.12 percent, to a figure representing 77.22 percent of the basic requirement.

For the population as a whole, protein consumption declined in the period between 1991 and 1993. While in November of the former year, the protein deficit was -2.2 grams per capita per day, by May of 1993 it had increased to -2.9. Moreover, although there was an increase in the protein intake deficit for all income sectors, it was in the rural sector that the critical situation was most obvious.

The deficit situation reported in 1991 for carbohydrate intake had worsened, in general, by 1993, but the greatest declines were seen in the rural sector and in the marginal sector of the urban population. This confirmed the dangerous reduction in nutritional intake in all of the socioeconomic strata in the country, and the poorest population sectors, in particular.

All of the above provides us with evidence of the process of impoverishment the population of Nicaragua has been undergoing in recent years, as well as the lack of a consistent social policy that could at least prevent malnutrition among the children and adolescents, both male and female, who represent the future of Nicaragua. We are mortgaging the future of our country.

Panama

Assembly President Decries U.S. Reform of Canal Law

PA2211195994 Panama City EL PANAMA AMERICA
in Spanish 21 Nov 94 p 1A

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] Legislative Assembly President Balbina Herrera has charged that the U.S. "back room" reforms of Law 96-70, which affect the Panama Canal, comprise a flagrant violation of the Torrijos-Carter treaties.

The legislator condemned the reforms to Law 96-70, which are being conducted in a "covert" fashion by the

United States, and she argued that these reforms could harm Panamanian interests.

"The executive branch, and specifically the Foreign Relations Ministry, as the responsible party for our foreign policy, should present its most spirited protests before the corresponding organization for this action," Herrera noted.

Likewise, she categorically denied that the approval of the constitutional law on the Panama Canal is linked to the reforms of U.S. Law 96-70.

According to the president of the Legislative Assembly, one of the modifications of Law 96-70 authorizes the Canal administration to sell, rent, or lease plots of land, which, according to the Canal Treaties, is prohibited.

The legislator also rejected the arguments presented by former President Guillermo Endara that the PRD [Democratic Revolutionary Party] is mixing partisan and personal interests in the ongoing debates on the constitutional law.

Meanwhile, constitutional expert Roberto Arosemena Jaen observed yesterday that the approval of the constitutional law on the Canal would give United States the right to intervene militarily in a "whimsical" manner in Panama. According to Arosemena, raising the Canal Law to a constitutional level and, in turn, accepting that under no circumstances can the Canal be closed, is tantamount to authorizing U.S. military intervention in the nation via the Constitution.

Ambassador on Progress of GATT Talks in U.S.

PA2311024594 Panama City Telemetro Television
Network in Spanish 0000 GMT 23 Nov 94

[Telephone interview with Ricardo Alberto Arias, ambassador to the United States, in Washington, by Telemetro News Director Dorita de Raina, in Panama City; from the "Telemetro Reports" newscast—live]

[FBIS Translated Text] [Reina] Thanks, Dr. Arias, for receiving our phone call. We would like to know about the result of today's negotiations in Washington regarding Panama joining GATT.

[Arias] Good evening, Dorita. Today Panama opened the round of talks by presenting a new proposal, just as it had announced yesterday. The U.S. Government has promised to reply to our tariff-oriented proposal in the coming weeks. During the rest of the day, we discussed what is known as the Protocol of Access to GATT, which deals with regulations for control of monopolies, copyright, and related subjects, which aspiring countries must conform to prior to joining GATT. The round of talks proved very positive and ended with a very positive U.S. message, that is, that the U.S. Government is convinced that it can reach an understanding with Panama.

[Reina] Has a new date been set for resuming the talks?

[Arias] Yes, 15 February 1995 was set for a new meeting after the two sides presented their schedules for meetings to be held in the next few months. Meanwhile, Panama will have to hold two more bilateral meetings and some meetings with the European Community and other countries in Geneva on these same subjects. The next meeting with the United States will be held on 15 November.

[Reina] What is your personal opinion on these negotiations? Do you regard them as positive for the country? Is there anything on which Panama can make any additional demands?

[Arias] American negotiators have understood the idiosyncrasies of our economy and monetary and fiscal

systems. In principle, they understand that Panama must have a tariff protection system somewhat better than that applied to the rest of the neighboring countries. Nevertheless, this does not mean that Panama can maintain the present tariff levels. We have to make certain adjustments, particularly on those products that affect the manufacture of (additional) products. I am optimistic, however. I think we have made good progress and that it is very important for Panama, in this negotiation process, to join GATT as soon as possible and with the support of the majority of Panamanians.

[Reina] Thanks for this telephone conversation from Washington for "Telemetro Reports." Good-bye.

Argentina

Menem Meets Perry, Pledges Troops for Haiti

PY2211214294 Buenos Aires CLARIN in Spanish
21 Nov 94 p 3

[FBIS Translated Text] "We can send troops; it is no trouble. Those that are necessary..."

President Carlos Menem was very direct in his answer. He thus pledged to U.S. Defense Secretary William Perry that the Argentine Government is willing to send military personnel to Haiti if the United Nations eventually replaces the U.S. troops stationed there with a UN peacekeeping force.

Menem received Perry, who was accompanied by U.S. Ambassador James Cheek, at the Olivos presidential residence on the morning of 20 November, shortly before leaving for Syria. Also attending the meeting were Defense Minister Oscar Camilion, Foreign Minister Guido Di Tella, and Military Affairs Secretary Jorge Baeza.

Perry extolled the role of the Argentine military in UN peacekeeping forces. "You are the regional leaders in this area," he said. The Argentine Government has sent contingents to UN peacekeeping missions in Croatia, Cyprus, and Kuwait.

It also sent more than 100 members of the Argentine Border Police to Haiti, where they are discharging police duties, and the "Drummond" corvette, which returned from the Caribbean island on 16 November.

The United States got the okay from the United Nations to exert pressure on the Haitian Government, and was even authorized to organize an armed intervention to make it step down and allow the reinstatement of Jean-Bertrand Aristide as president.

This pressure yielded fruit, and U.S. troops landed in Haiti.

According to Perry, the United States now wants to withdraw from the island, as the United Nations is allegedly willing to send "blue helmets" (a peacekeeping force) there.

Announces Concession to U.S. Firm

PY2211210394 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1624 GMT 20 Nov 94

[FBIS Translated Text] Buenos Aires, 20 Nov (NA)—President Carlos Menem today announced the concession, for 20 years, of the Cordoba Materiel Area to the U.S. company Lockheed.

The head of state made the announcement this morning at the end of a meeting with U.S. Secretary of Defense William Perry at the Olivos residence.

On 15 December Lockheed will take over the war plane factory, which is currently closed, and will prepare it for the reconditioning of half of the 36 Skyhawk A4-M fighter-bombers that the United States will sell to Argentina.

The concession will be effective for 20 years, with an option to extend for another 10 years. Lockheed, meanwhile, is committed to investing \$270 million in the area.

With these planes Argentina intends to recover the Air Force potential that was seriously reduced by losses during the Malvinas Islands war.

Perry arrived last night from Brazil. He was accompanied during his meeting with Menem by Mary Lucy Jaramillo, defense under secretary for the region [name and title as received], and U.S. Ambassador to Argentina James Cheek.

At noon the U.S. delegation drove to Lodge La Sergia, which is owned by Horacio Rodriguez Larreta, the Defense Ministry's Privatizations under secretary, in the town of 25 de Mayo, to share a barbecue with his hosts.

Tomorrow Perry will meet with Deputy Foreign Minister Fernando Petrella in Buenos Aires. Later he will meet with members of the defense committees of both houses of Congress.

Menem Denies Economic Plan 'in Jeopardy'

PY2211205994 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1456 GMT 20 Nov 94

[FBIS Translated Text] Buenos Aires, 20 Nov (NA)—President Carlos Menem has asserted that "there is no indication" that his administration's economic plan "is in jeopardy." He also estimated that the trade deficit will have been balanced "by 1996."

Menem stated that Argentine exports "are growing" and that it is necessary to "make headway with Mercosur [Common Market of the South]."

"Once Mercosur enters into effect, and with the success Brazil is having with its economy, we will balance our trade deficit," he said.

The president thus voiced his disagreement with Economy Vice Minister Carlos Sanchez, who had reckoned that Argentina would take at least four years to balance its trade deficit.

The head of state pointed out that "I think it will be sooner—next year."

He said he would rather not forecast the success of the Justicialist Party's ticket—on which he will run for the presidency a second time—in the 1995 presidential elections because he will make no comments on this subject "until the very last vote is counted."

He nonetheless stated that if he is reelected, he will "deepen and perfect the (current) model," adding that his administration will lay "more emphasis on social issues."

Menem further stated that he will do his utmost so that "there will no longer be a single poor person in Argentina." The president was of the opinion that his administration's most serious shortcoming is "not to have made greater strides regarding structural and marginal poverty."

The president deemed that at any rate, "no one can deny that thanks to a revolutionary process of change," furthered under his administration, "Argentina has become a country having great expectations."

"The sharp increase in wages is a manifestation of stability," he said.

He noted that, although the next administration will have to strive to reduce unemployment, which currently stands at 10.6 percent, this figure is not worrisome, since "it is a phenomenon that is taking place all over the world."

Commenting on another subject, the head of state said that the judiciary "is totally independent" from the executive. He cited as an example the rulings of the social security court in favor of pensioners' claims to a readjustment in their pensions.

Menem went on to say that "(Supreme) Court justices should not feel they are being pressured by either Economy Minister (Domingo Cavallo) or the president" when ruling on the appeals lodged by the federal government against the aforementioned court.

In an interview published by the weekly NOTICIAS on 20 November, Menem contended that "the judiciary is totally independent from the executive, so much so that we have a conflict due to the rulings (in favor of pensioners), which go against the interests of the entire community."

He was of the opinion that if we have to comply with the rulings in favor of pensioners' claims, the federal government will have "really serious problems" in the "budget and in the funding of the social security system."

Changing the subject, Menem commented on the possibility of running for the presidency a third time in 2003, since he would be banned from running as a candidate for another consecutive term were he to be reelected in 1995.

"If in 1999, the next administration continues with the same line perfecting the system's mechanism, there is a possibility of another term in 2003," he calculated.

This notwithstanding, he added that "the idea of returning in 2003" is somewhat "superficial" now, because this possibility "isn't really taken seriously at this point by the people."

Justicialist Party Launches 1995 Campaign

PY2211201894 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1138 GMT 20 Nov 94

[FBIS Translated Text] Buenos Aires, 20 Nov (NA)—President Carlos Menem has underlined that the opposition "no longer has any arguments" with which to criticize, and promised that from now on his administration will attack "social problems." Menem made these remarks during a speech commemorating the Day of the Justicialist Party Follower [Dia del Militante], which also marked the beginning of his electoral campaign for the 14 May 1995 elections.

Menem spoke at the end of a rally organized by the Justicialist Party at the Gregorio de Laferrere station in the Buenos Aires neighborhood of La Matanza, which was attended by over 100,000 party followers, according to the police and to organizers.

"We did what we promised. We defeated hyperinflation and fought corruption like no one else. From now on we will begin to tackle social problems," the president said.

Menem insisted that the opposition "was left without arguments," insisted that his party "had started a true revolution," and forecast that he and Duhalde would be reelected in the upcoming elections "to continue leading the nation."

The president also said that his administration had "reduced poverty and created a strong currency," adding: "Those who criticize us from the media we privatized are slithering like snakes while we fly like birds."

Menem also stressed that "the path is open to continuing the revolution we started," adding: "We have achieved stability, and now we must continue working."

The president's speech was preceded by Buenos Aires Governor Eduardo Duhalde's message and the speeches of Deputies Alberto Pierri and Irma Roy, who shared the main stage with the head of state.

Duhalde recalled that the 2 October plebiscite that opened the doors to his reelection "showed that those who want to proscribe our leaders are not listening to the people."

"We must let deserters know that there is nothing more important than the Justicialist Party, the party that in 1995 will say yes to Menem again," the provincial governor said.

The ceremony to commemorate the Day of the Justicialist Party Follower started shortly after 1730, when Menem, Duhalde, Pierri, and Roy climbed to the main stage—constructed on provincial highway 21—and greeted the crowd before singing the traditional Peronist march.

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The speakers spoke from a stage adorned with a sign that had names "Menem-Duhalde-Pierri" with two long Argentine flags on either side.

Over 100 government workers and Justicialist leaders watched the ceremony from the broadest stage—one of three built behind the main stage—which had signs on the sides saying "La Matanza, Peronist heart" and "17 November, General Peron's return."

The people who attended the rally—organized by the Justicialist Party to commemorate the return of General Juan Domingo Peron to the country after 17 years in exile—started arriving at La Matanza at noon to position themselves as close to the speakers as possible.

The long hours of waiting provoked several incidents among those located in the front lines, leaving more than 20 people injured.

The "Day of the Justicialist Party Follower," which was instituted by the Buenos Aires branch of the Justicialist Party, is usually commemorated on 17 November, but this year it was decided to postpone it until Saturday 19 November to facilitate the attendance of those who wanted to participate.

The celebration was staged in the same area where the first campaign rally was held for the Menem-Duhalde ticket, which went on to win the primaries against Antonio Cafiero and Juan Manuel De La Sota in 1988.

Menem and Duhalde presided over a massive rally in the same area in 1989 before winning the 14 May 1989 presidential elections.

Incidents at Rally Injure 30

PY2211204394 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1138 GMT 20 Nov 94

[FBIS Translated Text] Buenos Aires, 20 Nov (NA)—Nearly 30 individuals were reportedly injured during the commemoration of the Day of the Justicialist Party Follower, organized by the Justicialist Party in the LaFerrere station, in the neighborhood of La Matanza, in greater Buenos Aires.

There was no official information on the number of wounded, but some demonstrators said the incidents were the result of a confrontation between gangs of fans from the Deportivo LaFerrere and Almirante Brown soccer clubs.

The incidents started when both gangs tried to get closer to the stage occupied by the most important Justicialist leaders, from which President Carlos Menem and Governor Eduardo Duhalde were scheduled to speak.

Gang members started throwing stones, sticks, and all kinds of sharp objects at each other, causing cuts and injuries to some 30 individuals.

A speaker mounted on the stage called on the gangs to calm down and let "everything become a party from that moment on."

The incidents occurred one hour before Menem and Duhalde were scheduled to arrive.

Bolivia

Government Admits Failure of 'Operation Border Crunch'

PY2311001294 La Paz PRESENCIA in Spanish 16 Nov 94
p 1

[FBIS Translated Text] Government Minister German Quiroga yesterday said the gigantic antinarcotics "Operation Border Crunch," which involves seven South American countries and the United States has so far not yielded the expected results. He accused the press of causing the meager results.

He said that despite the efficiency of the combined forces participating in the actions, only 12 vehicles carrying precursors have been seized. He revealed, however, that nine border points have been detected through which precursors are brought into Bolivia for the manufacture of cocaine paste.

"We have many classified reports. The operation continues and is part of the fight to prevent precursors from entering Bolivia through those nine border points intelligence agents have detected," Quiroga said. He added that the official report will be kept secret while the actions continue.

He admitted that the operation—which began on 8 November—has not yet achieved the minimum goals and accused the press of having alarmed the "drug traffickers" and the precursor traffickers.

"Had the press not sounded the alarm to the drug traffickers that the operation was beginning, we would have probably been much more successful," he said.

"Unfortunately we do not often understand that there are subjects related to drug trafficking that must be kept under great secrecy. A report was published by a newspaper 12 hours before the start of the operation. This prevented us from confiscating a large number of vehicles that were carrying precursors," Quiroga said.

The ERBOL news agency reported that Social Defense Secretary Mario Soliz confirmed the government minister's remarks, saying: "'Operation Border Crunch' has become a simple prevention operation, precisely because the news was released by the press."

Soliz said 18 [as published] heavy trucks were intercepted near the Chilean border, adding: "Those trucks will be checked to see if the precursors are documented. If not, they will be confiscated under Law 1008 or handed over to customs officials."

Proposal on Coca-Cocaine Issue Submitted to Paris Group

PY1811222594 La Paz PRESENCIA Special
Supplement in Spanish 13 Nov 94 pp 1-8

[Government proposal on the coca-cocaine issue submitted to the Paris Group on 2-4 November]

[FBIS Translated Text]

1. BACKGROUND

For the past 20 years Bolivia has used various approaches and methods to implement its drug enforcement strategy. These methods and approaches were to a large extent erratic, and have yielded dubious results.

In 1987, during the Victor Paz Estenssoro administration, Bolivia defined its drug enforcement strategy in the Law of Special Regulations for Coca and Controlled Substances (Law 1008) approved after an exhaustive and ample national debate.

The Bolivian strategy is based on the following principles:

- a) The coca production issue is basically an economic problem, and must be resolved as such.
- b) There is a conceptual difference between the raw coca leaf and the coca leaf employed "prior to occurrence of the crime" ["inter-criminis"] for the manufacturing of cocaine. On the basis of this definition, the production and marketing of coca leaf is subject to government control.
- c) A gradual reduction in coca farms is to be established with the ultimate objective of retaining those farms that are necessary to meet the demand for coca leaf for legal use (medicinal, cultural, and religious use). The country is divided into three large regions to this effect: the traditional area, where coca farms are legal; the coca surplus area, which is subject to the implementation of voluntary eradication programs and the implementation of economic compensation and alternative development programs; and the illegal coca region encompassing the remainder of the country where coca farms are illegal.
- d) Special regulations for narcotrafficking-related crimes are to be enforced. These encompass stricter legal proceedings and punishments than those enforced for common crimes.

The entire strategy is based on the joint implementation of the eradication, alternative development and interdiction programs.

2. RESULTS—THE BOLIVIAN SUCCESS

The implementation of Bolivian policy has had positive and negative results, with progress and setbacks. The net balance of what has been achieved up to now clearly

shows the success of the Bolivian strategy as a result of a nationwide effort and support from the international community.

2.1. Positive Results**2.1.1. The cancer has not expanded**

About 25,000 hectares of coca have been eradicated since 1987. This is tantamount to over 40 percent of the total number of farms that existed at the beginning of the program. At the same time, more farms have been created, but the number of them is hard to establish. Nevertheless the net result has been positive, as the 52,900 hectares that existed in 1989 have been decreased to 47,200 hectares by 1993. This means that the cancer did not expand.

If we compare Bolivia with other countries experiencing the same problem, we notice that they have experienced a considerable increase in coca farms during this same period.

In comparative terms, and within the overall context of the international supply and demand market, Bolivia is one of the few cases with successful results, although this success is not as ample as we would have liked.

2.1.2. Maintaining a relative social peace

Despite the enormous problems caused by drug trafficking activities in Bolivia, up until now we have been able to maintain a relative social peace. We fear, however, that international drug trafficking gangs will increase their presence in their country, thus generating violence among those involved in cocaine trafficking activities. It will also have an impact on the domestic drug consumption market, street crime, and crime in general, thus increasing social violence.

However, despite the existence of many objective conditions in the Chapare region, where the vast majority of coca farmed is used to manufacture cocaine, up until now Bolivia has been able to avoid the appearance of narcoguerrillas or armed peasant movements.

Bolivia has an extremely fragile structure at several levels, but its greatest weakness is its economy.

Could Bolivia endure generalized peasant guerrilla warfare in the Chapare region? Absolutely not, because the allocation of a significant part of the budget to defense expenses would completely obliterate the possibility of implementing the reforms that have been undertaken. This would lead us to an inevitable vicious circle.

People appreciate peace only when it is lost. We do not want to lose it, particularly because the international drug problem will not be resolved through the isolated efforts of a small country.

2.1.3 Change in social attitude

The social impunity that has characterized drug trafficking activities experienced a sharp reversal after the

killing of scientist Noel Kempff Mercado in 1986. In view of the impact of this incident, the social repudiation of drug trafficking has increased. This constitutes a social asset of enormous value in the fight against drugs.

The actions against criminals and the social repudiation of politicians, persons who hold public office, and businessmen involved in drug trafficking activities constitute social progress of great importance that is sometimes underestimated.

2.1.4. Relative decrease of the importance of coca-cocaine in the Chapare region and in the national economy

In the early 1980's, coca was an important source of income for Chapare peasants. Ten years later, the relative importance of coca in the region has considerably decreased in view of the substantial increase in new crops and economic activities and the gradual decrease in coca prices. Between 1986 and 1993, coca farms decreased while alternative crops doubled.

In general terms, the direct added value that the coca-related economy has had on the national economy has decreased from 9 percent of GDP in 1988 to 3 percent of GDP in 1993.

As for exports, in 1988 cocaine represented 84 percent of all exports, while in 1993 it decreased to 24 percent.

Soybeans are a specific example of the effort made by Bolivia to promote new exports. In 1986 there was a total of 60,000 hectares of soybeans. By 1986 there was a total of 300,000 hectares, with a productive yield of about 500,000 metric tons.

These processes of structural change promoting the production and export of legal merchandise, and the resulting decrease in the relative impact of coca-cocaine related activities, constitute fundamental progress in the fight on drugs.

2.1.5. Progress in interdiction

During the current government term, important progress has been achieved in narcotrafficking interdiction. This includes: the dismantling of many narcotrafficking networks; the imprisonment of drug trafficking ring chiefs; stricter control of air traffic; the destruction of maceration pits; the confiscation and destruction of cocaine (4,700 kg of cocaine sulfate and 1,168 kg of cocaine paste); the massive confiscation of precursors; and regaining control of the critical Chapare region through the New Dawn operation.

2.1.6. Eradication of crops in Santa Cruz Department

All coca crops were eliminated in the Yapacani region, in Santa Cruz department, bordering the Chapare. In so doing we avoided the expansion of coca farms in an area with great potential for coca crops.

2.2. Negative Results

2.2.1. New farms

The great success obtained in the reduction of coca farms has been diminished with the appearance of new farms, both in new areas and in indigenous areas that were subjected to the coca eradication program. This reversal was caused by the pressure of new settlements of ex-miners who were dislodged from mining regions; a nonexistent detailed registry; administrative faults in controlling the coca farming process; and the strong pressure of coca farm unions against the compulsory eradication of coca farms.

2.2.2. Decrease in the rhythm of eradication of coca farms

The period ranging from 1992 to mid-1994 was characterized by a considerable decrease in the levels of eradication of coca farms. This was caused mainly by the pre- and post-election political period; social pressure; and the implementation of reforms established by the current administration, which encompassed relatively long period of lack of definition.

2.2.3. The strengthening of coca farmers unions

The coca farmers union has gained considerable strength in the last few years in spite of representing only about 2 percent of the national population. It has gradually gained more power and more support at the expense of the General Trade Union Confederation of Bolivian Peasant Workers [CSUTB] and even the Bolivian Labor Federation [COB]. The causes of this process deserve to be studied because of its sociopolitical importance and so that the union movement is not distorted by interests alien to the peasant clause.

2.2.4. Environmental impact

Coca production, particularly cocaine, has had a great impact on the environment, particularly because of the deforestation of areas with fragile ecosystems; the invasion of national parks; and the pollution of waters with chemical products used in the maceration process.

3. ADDITIONAL PROBLEMS

3.1. International Demand

International demand continues to increase, and the mafia continues to control the drug sales despite suffering some important setbacks.

Drug consumption in developed countries has experienced some changes at the social level, but it continues to grow. Consequently, because the demand for coca leaf keeps prices stable, it continues to be an attractive activity for farmers. There has been a notable increase in coca farms in Peru and Colombia because of the international demand.

Experience has shown that, except for the actions undertaken against the Colombian mafia in 1990 and 1992, which resulted in the temporary dismantling of the

marketing circuit, interdiction activities at the national level have only a temporary effect on coca prices, which experience a recovery within a short time.

In sum, the larger evil—that is, the existence of powerful international demand for cocaine—continues to generate a reaction in different countries to a lesser or greater degree.

3.2. Integration of Coca, Cocaine Paste

In the last few years, in a dangerous vertical integration process, some coca producers have gotten involved in the production of cocaine paste.

This is the result of a clear narcotrafficking strategy to transfer and scatter the production risks of cocaine paste production to peasants, and the farmers' intention to increase or compensate for the loss of income resulting from the drop in coca prices in the last couple of years.

The destruction of many maceration pits near coca farms is evidence of the seriousness of the problem.

A basic objective of this policy is to stop this process.

3.3. Citizens' Observations

Polls conducted in Bolivia clearly show that Bolivians believe that coca producers are basically poor peasants legally entitled to produce coca and other products.

Citizens do not understand or are unable to distinguish that coca is a raw material used for cocaine manufacturing, and they empathize with the poor peasant harassed by the government for the crime of farming an agricultural product such as coca. It is the drug traffickers who are identified as criminals, and the culprits are the consumers.

This notion impairs the government's actions, because it creates a feeling of solidarity. This was witnessed in the recent "March for Dignity and Life" held in September.

3.4. Rural Poverty, Mining Crisis

Because of the deep crisis affecting the rural areas of the high plateau and the Andean valleys, and the mining crisis affecting the western region of the country with poor incomes, unemployment, and extreme poverty, peasants and miners are leaving these regions en masse.

Peasants and miners migrate to the shantytowns surrounding large cities, to Argentina and to the Chapare region.

This macro-social phenomenon must be viewed as a whole, because repression is not the solution.

4. THE ZERO OPTION

In the previous Advisory Group meeting held in Washington last December, the Bolivian Government submitted a so-called "zero option" for study and possible implementation.

This initiative is based on the following criteria:

a) A shock treatment is needed, with results in the short term instead of the currently enforced gradual long-term policy. It is a similar process to the Marshall Plan that was implemented in Europe after World War II.

b) It is preferable to launch a massive intervention right now, instead of waiting for higher costs in the future and for the processes to be unmanageable.

c) All economic agents can abandon an activity for a certain price. In order to make that decision he has to know what that price will be.

d) The solution implemented in the Chapare region must be an integral and definitive solution achieved through consensus. This means that the lands devoted to coca production should be transferred to the state, so that it can establish a national park; or additionally create an industrial and services zone that would massively employ hand labor.

The Bolivian initiative has not progressed in the last 11 months because of a combination of factors. In the first place, we must sincerely admit that the administration massively centered its attention on the large structural reforms (the Popular Participation Law, the Capitalization Law, the educational reform, the social security reform, the reform of the executive branch, the constitutional reform, and others). In the second place, the "zero option" has become a slogan that has rallied coca peasants in ruthless opposition against the idea, thus undermining a possible consensus. This is the result of handling the issue from a strictly conceptual point of view without a specific proposal on hand. Thirdly, there was no positive response to the request made at the bilateral level to achieve support for studying the option. Moreover, because of economic difficulties, doubts about its effectiveness, and legal limitations, the international community reacted cautiously in donating resources to fund the program. This was the same response obtained in 1986, when a three-year plan that required a substantial contribution of resources in the short term was proposed.

Despite these difficulties, the Bolivian Government believes that the "zero option" deserves to be studied extensively. Through its Foreign Ministry the government has formally requested the support of the UNDCP [UN International Drug Control Program] to conduct this study. We hope that other bilateral and multilateral cooperation agencies will join this effort.

The plan must at least encompass the following concepts:

a) compensation for the land used by peasants settled in the Chapare region, both for those who have property titles and those who do not.

b) compensating each individual family for the installations on their property.

c) compensation for all coca farms and crops; this payment would encompass the cost of the crops and profits and losses over the next five years on the basis of the current net value.

d) granting new lands in productive areas of the country and a lump sum to enable starting up the new farm with marketable crops.

e) building basic infrastructure such as roads and running water systems, and granting technical assistance for new settlements.

f) granting the resources for credit to expedite new small-sized undertakings.

g) granting the resources for demarcating, protecting, and managing the Chapare park.

h) granting the resources for the management and follow-up of the zero option plan.

It is estimated that the cost of this long-term option would be less than that of the short-term interdiction program.

5. IMMEDIATE ACTION STRATEGY

The drafting and implementation of the "zero option" plan should not leave us idle.

The Bolivian Government will basically continue to implement the policy established in Law 1008. Some basic adjustments will be introduced to improve its implementation. These are explained in the following definitions:

a. Radically modify the distribution of economic incentives to favor those Chapare peasants who do not produce coca. The involves the following:

a.1. the coca growers will receive as a single direct benefit the compensation of \$2,500 per reduced hectare of coca.

a.2. the coca growers who do not grow coca in the Chapare, or who stopped growing coca, will receive special economic incentives such as: preferential credit, access to external markets, infrastructure, social and sanitary services, land titles, and aid for development programs.

b) Conduct a survey to determine the cultivation of each piece of land, in order to improve control over the coca reduction process. The survey must be finished in 1995.

c) Eradicate any new coca plantation in strict compliance with Law 1008.

d) A massive institutional presence by the state in the Chapare, especially in services related to health, education, justice, technical assistance, police protection, personal identification cards, and other public services.

e) Decisive support for the municipalities, for the producing organizations that do not grow coca, and for the

grassroots territorial organizations that are represented before the state, private companies, and international cooperation organizations.

f) Manage the Cochabamba Departmental Development Plan and the Overall Plan for the Tropical Region by the Cochabamba Development Corporation with the participation of agricultural producers, keeping in mind an overall vision of economic, social, and environmental aspects that would encompass the zones from which the population will be evicted and the Chapare.

g) Implement an Overall Plan of Rural Development with emphasis on the zones from which peasants will be evicted. To this purpose popular participation, the resources of the development funds, the project of intermediate cities, and the project of rural development with participative planning will be joined together.

h) Strengthen the presence of the private sector in the Chapare zone through the approval of special incentives for investments in industry and services to be installed in the zone.

i) Continue the New Dawn operation.

j) A massive program for giving land titles to the peasants who do not grow coca.

k) Leave in the hands of private initiative, both businessmen and peasants, the implementation of the development projects, which is currently being done by the government or by official cooperation agencies.

l) Implement an Alternative Development Plan linked to the reduction of coca growing.

This proposal is a global vision of Bolivian policy on coca-cocaine activity. Specific aspects at the level of concrete programs and projects will now be presented by the national secretary of social defense.

High Military Command Replaced To Ease 'Tension'

PY2211230594 Santa Cruz EL MUNDO in Spanish
16 Nov 94 p 13

[FBIS Translated Text] High-ranking military commanders from La Paz, Cochabamba, and Santa Cruz have told EL MUNDO that the government has ordered the replacement of the High Military Command to neutralize the pressure and the climate of tension that has prevailed within the Armed Forces over the past 72 hours.

The new members of the High Military Command, who will be sworn in this week, are General Reynaldo Caceres as commander in chief of the Armed Forces; Bolivian Air Force General Jose Perez Ortiz as chief of the general staff; General Adel Montero Cortez as Army commander; General Verzain (uncle of the minister of the presidency) as Air Force commander; and Rear Admiral Freddy Berrios as Navy commander.

"Normalcy is returning gradually," after the government yielded to pressure for changes in the High Military Command. The threat of a revolt has been neutralized," [no opening quotation marks as published] according to a military authority who announced that the "replacement of the military commanders will take place this weekend."

General Freddy Balderrama Casanovas, current chief of the Military Household, will be appointed Army chief of staff.

General Fernando Sanjines (Armed Forces commander in chief), General Carlos Macias (chief of the general staff) and Luis Gemio Oropeza, national defense under secretary will go into the active reserves.

Reports from Cochabamba state that the change in the High Military Command "was a measure that had to be fulfilled within the framework of what is established in the Armed Forces Organic Law." The officers who got in contact with EL MUNDO said that the "fulfillment of the institution's regulations guarantee that every officer complete his career in the posts to which he is rightly entitled according to his rank."

President Chooses New Strategy on Coca-Cocaine Debate

PY2311001494 La Paz PRESENCIA in Spanish 16 Nov 94 p 7

[FBIS Translated Text] In view of the opposition leaders' refusal to participate in a political summit, President Gonzalo Sanchez de Lozada has chosen a new strategy for the coca-cocaine debate, convening a congressional session for this afternoon with an agenda that includes discussing the so-called "Zero Option" proposal.

Yesterday six opposition leaders refused to participate in the dialogue proposed by the president. However, three "small" parties (FRI [Revolutionary Front of the Left], PDC [Christian Democratic Party], and EJE [National Convergency Axis]), also of the opposition, but which were not taken into account for the summit, have accepted the president's invitation.

In an attempt to break the "ice" the government decided to bring the issue before Congress so that the opposition politicians could not refuse to discuss the subject. In his letter to Congress, President Sanchez de Lozada announces that the ministers who make up the National Council Against Drug Abuse and Illegal Drug Trafficking (Conalid), representing half the cabinet members, will attend the plenary session to explain the government's proposal within the current framework of the coca-cocaine problem.

In his letter the chief of state says: "The struggle against drug trafficking is a task that should unite all Bolivian citizens in a search for a coherent policy that enjoys the consensus of the whole of society."

Foreign Minister Antonio Aranibar stated that the government is determined to start a dialogue within civilian society and political circles regarding the "Zero Option," and especially the problem of drugs, despite the initial rejection by opposition leaders, "because it is not a subject that concerns the government only, but the country as a whole."

Yesterday morning Sanchez de Lozada held a meeting with the presidents of the two houses of Congress, and later on with the members of the government coalition. As a result of these meetings it was decided to break the opposition's strategy and "start a dialogue at the political level."

Leaders of the COB [Bolivian Labor Federation] and coca growers, who were invited by Minister Aranibar to discuss the subject, attended the meeting but did not talk; they only listened.

On behalf of Conalid, Aranibar and the sustainable development minister yesterday met with COB, peasant, and coca grower leaders to explain the scope of the "Zero Option."

But the meeting was a mere monologue. The two ministers made every possible effort to start an exchange of ideas after a comprehensive explanation of what the proposal was about. The labor leaders rejected the debate. Among them was the main coca growers leader, Evo Morales.

Juan de la Cruz Villca, of the peasants' confederation, said he had attended the meeting summoned by the government to personally learn the contents of the government proposal, but "would give his opinion later on, after consulting the grass roots."

Like the opposition politicians, the coca grower leaders met with the media—and not with the government—to harshly criticize the "Zero Option."

The opposition parties have announced that they will attend the special congressional session convened to debate the coca-cocaine subject. Condepa [Conscience of the Fatherland], MIR [Movement of the Revolutionary Left], and ADN [Nationalist Democratic Action] legislators agreed that the subject should have been discussed within Congress in the first place.

Condepa Deputy Eduardo Paz said that the president's decision to convene a congressional session is positive, and a way of admitting the mistake made by the government and the MNR [Nationalist Revolutionary Movement] in proposing the "Zero Option" to the Paris Consultative Group without the Bolivian Congress and peoples' approval.

MIR Deputy Hugo Carvajal asserted that his party would attend the congressional session to discuss the guidelines of what should be a national proposal.

ADN member Nestor Zamora also confirmed his party's participation in the session convened by the government, and stated that it could be said that the political summit has been transferred to Congress.

Brazil

Cardoso Agrees To Attend Summit With Franco

PY2311002794 Sao Paulo AGENCIA ESTADO in Portuguese 2233 GMT 22 Nov 94

[Report by Odail Figueiredo]

[FBIS Translated Text] Brasilia, 22 Nov (AE)—President-elect Fernando Henrique Cardoso (Brazilian Social Democracy Party) today decided to accompany President Itamar Franco to the Summit of the Americas in Miami from 9 to 11 December. Cardoso, still reluctant to accept the invitation, today acquiesced to President Franco's insistence during a meeting at Planalto Palace.

Concerned about any possible embarrassment over the simultaneous presence of the incumbent Brazilian president and president-elect among the heads of state attending the summit, Itamaraty advised Cardoso not to attend.

Formally, Cardoso will attend the summit as a member of President Franco's entourage. This was the solution found by Brazilian diplomats to please President Franco without overlooking protocol at the summit to be held in Miami, Florida. Notwithstanding this precautionary measure, Itamaraty sources expect the president-elect, whose inauguration would then be less than a month away, to become the center of attention within the Brazilian delegation. Cardoso plans to maintain a low profile to avoid displeasing Franco.

President Bill Clinton invited Cardoso to attend the summit. Clinton issued his first invitation—which he has since reiterated twice—by phone when Cardoso was visiting East Europe. Franco was annoyed by this call, saying: "The transition will be conducted in Brazil." Franco at first considered sending Cardoso as his representative, but finally decided to attend the conference with the president-elect.

U.S. Defense Secretary's Visit Marks 'New Stage'

PY2211214794 Sao Paulo GAZETA MERCANTIL in Portuguese 21 Nov 94 p 3

[Article by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Text] The United States wants to cooperate with Brazil in the space sector. This is tangible proof that the two countries have entered into a new stage of military and political relations, which became evident in U.S. Secretary of Defense William Perry's remarks that "Brazil is a world power" and not just a regional power, and that it should assume its new role by cooperating with the United States in defending the hemisphere.

Perry's 17-18 November visit was preceded by high-level talks among U.S. and Brazilian military officials, who have thus put their mistrust aside and are today talking

about cooperation. Commenting on the U.S. offer for space cooperation, a Brazilian ambassador said: "It is a good U.S. overture to Brazil, because the United States had been trying not to encourage the Brazilian space program."

In its role as a world power—a definition that pleased President Itamar Franco, President-elect Fernando Henrique Cardoso, and Brazilian military officials and diplomats—Perry requested that Brazil join the Missile Technology Control Regime (MTCR). The matter was conveyed to President Itamar Franco and to Strategic Affairs Secretary Mario Cesar Flores.

The Brazilian Government has already taken steps toward joining the MTCR, but has not moved as fast as Washington expected. Perry's counterparts have responded by asking for U.S. support in getting Brazil to join the MTCR.

Perry identified "security areas" in which the two countries share common interests, such as drug enforcement, the fight against terrorism, nuclear nonproliferation, and joint peacekeeping operations. The subject of terrorism was touched upon only peripherally, and the United States is willing to cooperate with Brazil in this area. Diplomatic sources said that the two countries share similar positions on the subject of drug enforcement. The role played by the Armed Forces in drug enforcement efforts should be that of supplying logistical support. Perry suggested that the two countries engage in joint exercises linked to peacekeeping operations, and not just in conventional ones. Perry asked Brazil to share the experience acquired by Brazilian personnel in the UN peacekeeping operations in Mozambique with U.S. soldiers.

Perry, who departed for Buenos Aires during the weekend, praised the Brazilian nuclear nonproliferation policy, and was impressed by Brazilian progress in the space sector. He visited the National Institute of Space Research (INPE), the Aerospace Technical Center (CTA), and the Brazilian Aeronautics Company.

Editorial Assesses Visit

PY2211204794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Nov 94 p A3

[Editorial from the "Notes and Information" page: "Mature Relations"]

[FBIS Translated Text] The visit by U.S. Defense Secretary William Perry to Brazil has neutralized the breeding grounds that had been feeding the alleged disagreements on essential matters between Washington and Brasilia. Even though the defense secretary does not design his country's foreign policy, he will not clash with it. Minor disagreements were overcome during the talks with the president, the strategic affairs secretary, the military ministers, and the foreign minister. This leads to the conclusion that from now on, relations between the two countries will more rapidly and smoothly move along the

path of cooperation—wherever necessary—and mutual understanding—whenever requested. In sum, the defense secretary made it clear that on the part of his government there is no prejudice against Brazil, and Washington has no major objections to Brazilian policies. Perry went beyond that. He outlined the new U.S. perception of Brazil, which is different from the perception that had until recently been considered normal: Brazil is no longer a regional power; it is a world power.

This assertion was not the praise of protocol, designed to expand egos. Perry reiterated it at least four times, during separate meetings he held with the president and with two military ministers, and at a news conference he hosted at the conclusion of his visit. Mr. William Perry, in his capacity as defense secretary, knows that Brazil cannot be considered a world power in the sense that was given to this expression during the Cold War, when it denoted the capacity to display military power in all regions of the world. His assertion can only refer to Brazil's political performance at multilateral fora, and to its commercial presence in the five continents.

By saying that Brazil has the credentials to operate at a world level, Secretary Perry was not giving praise. On the contrary, he was establishing responsibilities and making it clear that there will be a system to check compliance with such responsibilities. However, he did it intelligently, removing all areas of friction, in order to leave Brazil absolutely comfortable in assuming its new responsibilities without making it look like submission, appeasement, or automatic alignment. Brazil and the United States have no security conflict. Consequently, they can jointly explore points of agreement that are eventually detected, or they can stick to their individual styles of designing and announcing policies, without tying one country to the other, and without restricting the decisionmaking power of the weaker partner.

However, politics has a subjective factor that, according to Perry's recommendation, should be taken into account. Even though there are no substantive problems hindering the two countries' agendas, political designers share a kind of underlying mentality that leads to confrontation. Consequently, the matter will be resolved only by convincing the bureaucracies which—in Brasilia and Washington—give bilateral relations their final touch. This means that eventual resistance to a new style of relations is more likely to emerge at the middle levels rather than at the high levels at which decisions are made.

That is not the only obstacle to be overcome in order to obtain political gains from the confirmation that there are no deep disagreements. In addition to the asymmetry in the area of politics and interests, the two countries have conflicting constitutional and organizational requirements, which end up turning minor issues into major affairs which would otherwise be only irritating factors. For example, the proposal for regular meetings of the defense secretaries of the hemisphere clashes with

the lack of a Brazilian defense ministry. This calls for solutions, because one cannot fail to admit the importance of meetings for consultative and briefing purposes at that level. Yet above all, one should not waste the opportunity to give bilateral relations a productive sense, free from the resentment that has prevailed over the past few years.

President-Elect Meets With PRC's Qiao Shi

PY2211210194 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 21 Nov 94

[FBIS Translated Excerpt] This morning, President-elect Fernando Henrique Cardoso had a busy agenda at his house in Brasilia. The participation of the PMDB [Brazilian Democratic Movement Party] in the future government was the main item on the agenda.

There was a traffic jam in front of the president-elect's home. Of the seven cars comprising the official entourage of Qiao Shi, chairman of the Standing Committee of the National People's Congress of China, only three could enter the parking area for the house.

During a meeting with Qiao Shi, Cardoso accepted an invitation to visit the PRC. The agenda also included free transit for commerce, and technological cooperation. From the Chinese Congress to the Brazilian Congress. [sentence as heard] [passage omitted]

Space, Energy Cooperation Discussed

PY2211233394 Brasilia Voz do Brasil Network in Portuguese 1500 GMT 22 Nov 94

[FBIS Translated Text] President-elect Fernando Henrique Cardoso today met with Qiao Shi, chairman of the Standing Committee of the National People's Congress of China. During the meeting, which lasted nearly one hour, Cardoso and Qiao focused on the strengthening of trade between Brazil and the PRC. Cardoso accepted Qiao's invitation to visit China, but they set no date for their next meeting.

Ambassador Julio Cesar Gomes, who is serving as an adviser to Cardoso, has more on the meeting between Cardoso and Qiao:

[Begin Gomes recording] The meeting was very positive. They engaged in a very broad discussion. They discussed both topics that were on the agenda and others that were not; they talked about everything imaginable. A segment of the meeting was devoted to reviewing the history of China and Brazil. They naturally also discussed Sino-Brazilian cooperation, especially in the areas of space and energy. As you know, the Chinese are building what will become the largest hydroelectric plant in the world, the Three Gorges project on the Yangtze River. Brazil is hoping to be able to participate in this project in light of the technology it has acquired in building several hydroelectric plants, particularly Itaipu. [end recording]

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Qiao also met with President Itamar Franco, and invited him to visit China.

Cardoso Considers Appointment of Finance Minister

PY2311013894 Sao Paulo AGENCIA ESTADO in Portuguese 2312 GMT 22 Nov 94

[FBIS Translated Text] Brasilia, 22 Nov (AE)—President-elect Fernando Henrique Cardoso has not yet determined who will be serving as finance minister in his cabinet. He has offered the post to Central Bank President Pedro Malan, who declined on grounds of personal and family problems. An adviser to the president-elect said: "Fernando Henrique would certainly like to have Malan as his finance minister." He added: "Yet the situation remains undefined."

Clovis Carvalho, the Finance Ministry executive secretary; Edmar Bacha, a special adviser at the Finance Ministry; and Malan are the three men who are being considered for the post of finance minister. Malan, however, would prefer to be appointed to a post in Washington, either at the World Bank or at the International Monetary Fund (IMF). Malan's wife, Catarina, resides in Washington, where she owns a school. Malan's children are also studying in the United States.

What has been determined, an adviser said, is that the current economic team will be maintained during the next administration. Yet the respective positions have not yet been defined. Bacha, for instance, would like to be appointed president of the National Bank for Economic and Social Development, because in that way he could stay in Rio de Janeiro with his family.

Another complication the president-elect is facing in appointing his ministers is the low salaries assigned to them. For most candidates, accepting a ministerial post will mean a financial loss, because they could make much more money working in the private sector.

Article Views Rio de Janeiro Runoff Returns

PY2211154894 Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Nov 94 p 3

[By Carla Zacconi]

[FBIS Translated Excerpt] Governor-elect Marcello Alencar (PSDB) [Brazilian Social Democracy Party] will govern Rio de Janeiro with a broad majority at the Legislative Assembly. He will be supported by 42 deputies, who represent almost two-thirds of the 70 members of the Assembly. The parties that make up the United Rio coalition (PSDB/PFL/PP/PL) [PSDB/Liberal Front Party/Popular Party/Liberal Party] alone have elected 26 deputies. In addition, the PSDB governor will be supported by congressmen of the parties that supported him in the runoff, such as the PMDB [Brazilian Democratic Movement Party], the PPR [Progressive Renewal Party], and the PTB [Brazilian Labor Party], which elected 14

deputies. Support of deputies-elect Lucia Souto (PPS) [People's Socialist Party] and Solange Amaral (PV) [Green Party] must be added to that of the 40 aforementioned deputies. [passage omitted]

The parties of the Popular Brazil Front (PT/PSB/PPS/PC do B/PV/PSTU) [Workers Party/Brazilian Socialist Party/PPS/Communist Party of Brazil/Unified Socialist Workers Party] have been the most affected. The Front lost a seat in the Chamber of Deputies and another one in the Legislative Assembly; it elected only eight federal deputies and 10 state deputies instead of the nine federal deputies and 11 state deputies it had elected in the first round of the elections in October.

The PSDB, however, won two more seats in the Legislative Assembly. In October the party had elected 14 deputies and in the runoff it elected 16. The bloc increase is directly due to the fact that the PSDB is President-elect Fernando Henrique Cardoso's party. The PPR has lost the right to elect six state deputies. Now it can only have five candidates for state deputy. It now has, nonetheless, seven seats in the Chamber of Deputies instead of six. [passage omitted]

More on Election Returns

PY2211205894

[FBIS Editorial Report] Rio de Janeiro JORNAL DO BRASIL in Portuguese on 21 November publishes, on page 3, a 280-word unattributed article providing figures on the Rio de Janeiro gubernatorial runoff election. It states that "Marcello Alencar, Brazilian Social Democracy Party gubernatorial candidate, has won the election with 3,537,627 votes, 766,877 more than his rival Garotinho of the Democratic Labor Party, who received 2,770,750 votes." It then reports that "Alencar was supported by 47.46 percent of the voters, equivalent to 56 percent of the valid votes, once the blank and null ballots were deducted, and Garotinho by 37.17 percent, equivalent to 44 percent of the valid votes." It adds that "abstention in Rio de Janeiro was high: 18.37 percent of the 9,129,373 voters did not vote," and that 1.22 percent, or 90,983, of those who did vote cast blank ballots. The article continues by stating that "the low number of blank votes indicates that Rio de Janeiro people listened to the call of the Regional Electoral Court and politicians, thus making fraud more difficult." The article goes on to note that in the interior, however, Alencar received 1,560,024 votes, while Garotinho received 1,887,794 votes. "Abstention in the interior was higher than in the capital; of the 5,103,293 voters, 19.06 percent did not vote," the article states. The article concluded by stating that the number of blank votes was also larger in the interior and totaled 616,311, while the total number of blank votes in the capital was only 438,536.

Chile

Foreign Ministry Official Discusses Miami Summit

PY2211153094 Madrid EFE in Spanish 2227 GMT 21 Nov 94

[FBIS Translated Text] Santiago, 21 Nov (EFE)—Juan Martabit, Chilean Foreign Ministry Inter-American Affairs Department director, said today that the summit of the Americas will show a continent that has achieved basic consensus on political and economic issues.

According to Martabit, who will head the Chilean delegation to a preparatory meeting for the summit to be held in Washington from 26 to 29 November, the summit of 34 presidents of the Americas is not only timely but also highly desirable.

He added that the Americas are experiencing "alluring and sustained" political and economic development that is showing their enormous potential in comparison to other regions of the world.

The preparatory meeting in Washington is to be attended by U.S. Government officials, including State Department personnel, as well as delegates from 34 countries of the Americas, with the sole exception of Cuba, which was not invited.

Martabit explained that during the preparatory meeting, they will basically discuss the Declaration of Principles to be issued by the summit and its agenda. He added that two texts have been proposed for these documents: one by the U.S. Government and the other by the Rio Group.

He stated that in addition to these two proposals, the heads of state of Central America, the Caribbean, and Canada have also submitted their own suggestions.

The summit's agenda includes three basic subjects: democracy, economic development, and social development.

According to Martabit, it will be up to the OAS, the Inter-American Development Bank (IDB), the Economic Commission for Latin America (ECLA), and the Pan-American Health Organization (OPS) to control the implementation of the agreements to be adopted by the presidents of the Americas.

He added that no new international organization will be established during this summit.

The Summit of the Americas, summoned by U.S. President Bill Clinton, will be held in Miami from 9 to 11 December.

Commercial Attache Assesses Role of Pacific Ports

PY2211204994 Madrid EFE in Spanish 2333 GMT 21 Nov 94

[FBIS Translated Text] La Paz, 21 Nov (EFE)—Rigoberto Garcia, commercial attache to the Chilean

Consulate in La Paz, has told EFE that rather than posing a "threat" to Chile, Peruvian ports can contribute to developing a corridor between the two oceans.

"There are no threats; such things must be forgotten. Pacific ports must supplement each other," the high-ranking official said, adding that each port has limited tonnage handling capacity.

"The ports of Arica (Chile) and Ilo (Peru) will have to share markets," he said, noting that "their tonnage handling capacity will not surpass 7 or 8 million tonnes by 2005."

According to his estimates, the export potential of Mato Grosso and Bolivia alone amounts to 9 to 10 million tonnes.

He added that the most efficient ports, offering the best services at the lowest cost, will be used for the cargo coming from Brazil, northern Argentina, and Paraguay.

Garcia said that Arica is using 50 percent of its tonnage handling capacity, which is at 2 million tonnes and could be expanded to 5 million tonnes.

The Chilean port of Iquique specializes in rendering services to the duty-free zone, "a specialization that is indisputable in Latin America."

The Chilean Government will expand the capacity of its ports to meet future demand, Garcia said, adding that the current capacity of its ports will undoubtedly be insufficient in the near future, "as in the mining sector now."

For this reason, a port expansion policy is being implemented in northern and southern Antofagasta.

Garcia admitted that Bolivia is a strategic country for the connection between the Atlantic and Pacific Oceans, adding that there is great potential for the production of services that have to be rendered through a highway and communications infrastructure.

"If before 2000 Bolivia has modern highways and services, it will benefit from the flow that will develop between the Atlantic and the Pacific," he concluded.

Russians Interested in Fraud-Investigation Techniques

PY1811184994 Santiago EL MERCURIO in Spanish 9 Nov 94 p C11

[FBIS Translated Text] A delegation of six Russian Federation Fiscal Police representatives on 8 November visited the facilities of the Investigative Police to learn about ways to uncover fiscal crimes.

Chilean police spokesman Luis Cariz said the Russians are interested in improving their techniques following a large increase in the number of tax evasion cases per year in the countries that make up the CIS.

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The delegation, which was presided over by Sergey Almasov, held a special meeting by director Nelson Mery. The delegation will grant a news conference on 9 November to mark the end of the visit.

In view of their interest in the methodology used in Chile, on 8 November, the Russian policemen attended a lecture at the Internal Taxes Service, SII. They also want to ensure future bilateral cooperation with Chile.

Government Submits Draft Budget Law to Congress

Income, Spending Detailed

95SM0022A Santiago EL MERCURIO in Spanish
1 Oct 94 pp A1, A23

[FBIS Translated Text] The 1995 budget bill which the Executive sent to Congress yesterday projects economic growth of 5.8 percent for next year, 9 percent inflation, and an average copper price of 96 cents per pound.

The budget projects revenues of 5.505 trillion pesos in Chilean currency and of US\$1.134 billion in foreign currency, which is equivalent in all to US\$11 billion, with an increase in total government spending of 5.5 percent in relation to this year, including payments on the debt.

This information was released at a joint press conference by Finance Minister Eduardo Aninat and Budget Director Jose Pablo Arellano.

The bill entered the Documents Office of the Chamber of Deputies yesterday at 1600. Congress can neither increase nor decrease the revenue projections and can only reduce the bill's spending levels, unless they are already established by law (plant and compensation). Congress has a period of 60 days to handle the bill. If not, the text submitted by the Executive will become law.

Consideration of the bill will begin next Friday, 7 October, with a presentation to be given by Minister Aninat to the Special Joint Budget Committee, composed of 13 senators and 13 deputies.

In his explanation yesterday, Aninat said this budget gives priority to issues of importance to the new government in its economic and social emphases, doing so in an "austere and contained" manner. It is implicit that the economy will not be in a macroeconomic adjustment process in 1995.

"We have been careful in calculating spending and revenues so we will continue to have a government surplus and savings, so that in 1995 we will not go back to that adjustment process which slowed down growth rates in the national economy. We will leave behind the costs which both the public and private sectors have certainly paid, especially the workers and business."

However, in analyzing the numbers released by the government, it can be seen that the increase in overall

spending in the public sector, not including the government debt service payments, is 6.1 percent for current spending and 16.3 percent for capital spending, a change of 8.1 percent in total spending.

This information is important, as the upward trend in government spending has been systematically increasing in recent years. This has generated two effects on the economy: on one hand, the private sector has had to decrease its activity; and on the other, the Central Bank has maintained its adjustment policy, producing the low rate of economic growth during the present year.

The government estimates which project a 4.8 percent rise in current spending lead to the assumption that public debt service and amortization payments could be undervalued. Therefore, the fiscal spending measured in this way does not represent what it really means in terms of inflationary pressures.

Projections

These economic growth projections for 1995 differ from the range of 5 to 5.5 percent estimated by the Central Bank, but according to Aninat, this goal is perfectly viable, as the adjustment efforts led to a slowdown of the economy this year, when expansion will be 4.3 percent.

Aninat pointed out that this first budget of the Frei administration clearly and gradually sets the government's priorities in the areas of productivity and modernization of education and infrastructure.

In the first place, he said that by working with all the ministries and public departments, new programs and types of management have been designed to boost the productivity of government operations.

For the first time the budget lists quantitative management goals for 20 public services and programs in order to improve efficiency, essentially in dealing with the public. This is a pilot plan that sets goals for evaluating the services offered in institutions like the Civil Registry and Identification Service, the INP [Institute of Social Security Standardization], the Social Security and Pension Funds, SII [Internal Taxation Service], SAG [Agriculture and Livestock Service], and Sence [National Training and Employment Service].

Arellano said that efficiency will be measured in ways specific to each agency; for example, there will be a specific goal to reduce the length of time it takes the INP to start paying a pension.

Minister Aninat said that as this is the first year of a six-year term, investment is being boosted in education, not only in that ministry, but also in educational programs handled by other ministries like the Ministry of the Interior. As much as possible, he added, they have emphasized infrastructure improvements through programs of the Ministries of Public Works, Housing, and Transportation and Telecommunications. The budget contains increased spending for the Education Ministry

of 7 percent in real terms; 5 percent in real terms for the Ministry of Health; and 7 percent for Housing. Capital spending for investment, especially in infrastructure, is increasing 8 percent in real terms.

Aninat declined to specify whether the budget contains an increase in government spending for defense. Concerning the salary increase promised for that sector by Defense Minister Edmundo Perez Yoma, he answered: "Of the many meetings held with the minister—I have to be very careful about what I say here, because he is now in China—and with all of the undersecretaries on successive occasions, we have worked out a budget for all areas of defense, including the ministry, that leaves us reasonably satisfied on both sides. This has been an exercise which, at least from the viewpoint of the Finance Ministry, leaves us comfortable."

The minister identified two factors considered in drafting this budget. In the first place, the economic adjustment did impact public finances this year because with the business slowdown, tax collections were lower for the VAT [Value Added Tax], income tax, and customs fees, so the treasury had to be very careful in handling finances.

He recalled that this year a reduction was made in the Unified Tax on Labor and in the Overall Supplemental Tax, and for 1995 they are considering a second reduction in rates.

The 1994 Budget Law contained growth in total government spending of 5.4 percent in relation to the preceding year, a figure that breaks down to a 4.7 percent increase in current spending (including salaries and the purchase of goods and services), and a 12 percent rise in investment spending. The latest information on budget spending for the first half of 1994 shows an annual increase of 4.3 percent in current spending and of 12 percent in investment spending.

For 1995 the government is projecting an expansion in current spending of 4.8 percent, one point lower than the estimated economic growth figure, and an 8 percent increase in investment spending.

Aninat spoke of the austerity effort in current government spending for next year. As part of the commitment made by the preceding government, it was stated in the tax agreement that this spending would increase less than the GDP. He said that promise will be kept next year.

What is most important, he added, is that this will be done in the context of tax revenues that are declining in relation to GDP, which makes the effort even stronger, because it continues to maintain net government savings, which is not happening in other countries. He noted that in 1995 Chile will enter its ninth year in which treasury finances should continue to show positive net fiscal savings, while in a context with strong social demands.

The public savings projected for next year are 3.9 percent of the GDP, in comparison with the 3 percent rate projected for this year.

Tax Revenues

The major source of revenue for the 1995 budget consists of tax revenues, amounting to 4.119 trillion pesos. Copper revenues are estimated to be US \$525 million, based on a copper price of 96 cents. (The 1994 budget estimated copper prices at 85 cents per pound).

Arellano attributed the 10 percent rise in social security and pension costs primarily to the increased value of the new pensions being paid, as a result of higher compensation paid in recent years and also of laws that have mandated improved pensions, as well as the substantial increase in the payment of bonus bonds for people who are obtaining pensions in the new system.

In this way, all social spending is rising 8 percent in real terms, so this item will now make up 70 percent of total budget spending.

In addition, the Regional Development Investment Fund is growing by 10 percent in comparison to this year. In the 1995 budget, this expresses the government's commitment to increase both decentralization and investments of a social nature.

Minister Aninat indicated that Sence's action has also been strengthened in all areas related to training and education funds for labor, by creating for the first time a training fund earmarked for rural workers.

The Fondecyt [Science and Technology Development Fund] budget has also been increased, as have allocations for the productive development promotion fund handled by Corfo [Production Development Corporation].

Along with the increase in programs related labor productivity, Aninat said they are also protecting labor rights, as the Department of Labor's resources for institutional improvement programs have been supplemented, along with another for upgrading oversight systems, and a program to improve the capability to monitor workers' rights.

On the reasons why government spending on defense is as high as spending on health, the Finance Minister said that historically, six ministries have placed high demands on state finances. They are: the Ministries of Public Works, Interior, Health, Education, Labor and Social Security, and Defense.

He indicated that of the 21 departments considered, a large part of them are keeping a level spending budget, and others are declining slightly, either because some functions have been reassigned, or because they are completing programs with multilateral lending organizations. The ministries whose budgets are increasing more than the average are: Education, Health, and Public Works, he reported.

Overall, Arellano commented that the treasury funding they are announcing for the various ministries is just one of the components their budget finances, as the ministries also have their own revenue sources. As an example, he said that health services receive payments, public works charges tolls and user fees, there are social security payments, and there is also financing through foreign indebtedness.

He repeated that in some cases in the 1995 budget they are resorting more to government spending than to borrowing, and therefore, an increase in the government's expenditures may appear. This does not necessarily imply that more is being spent, but rather that more is being financed with the government's own funds. Arellano noted that comparing government spending by ministry with last year's spending may lead to errors in evaluating spending trends.

Party Reactions Outlined

95SM0022B Santiago EL MERCURIO in Spanish
1 Oct 94 p C2

[FBIS Translated Text] Valparaiso—The 1995 budget bill sent by the Executive to Congress yesterday received a generally favorable reception from both government and opposition political sectors.

However, the UDI [Independent Democratic Union] did question the assumptions on which the bill is based and the estimates provided by Finance Minister Eduardo Aninat.

Senator Sebastian Pinera (RN [National Renovation]) considers it "positive" that, finally and from a macroeconomic point of view, the public sector's 1995 budget is turning around the trend of recent years in which the state had been growing more rapidly than the economy in general. As a consequence, that took away possibilities from the private sector.

Pinera, a member of the Special Budget Committee, pointed out that the total increase in spending, which is about 5.5 percent, is practically comparable to the economy's projected growth rate of 5.8 percent.

Still, he said that greater austerity and lesser growth in total spending would have been better, in order to ensure success in fighting inflation and to strengthen the nation's savings capacity, reduce interest rates, and improve the real exchange rate.

The RN senator said last night that he also considers the government's savings goal of 3.9 percent of the GDP and the effort made to favor investment over current spending both to be positive factors.

He did comment, though, that budgets should not just be evaluated from a macroeconomic viewpoint but also by considering variables of a qualitative and sectorial nature.

He said that in social matters it is not sufficient simply to keep increasing social spending by 8 percent—as this budget does, bringing social spending to 70 percent of total spending—but that it is essential to pay close attention to the efficiency and quality of social spending.

Pinera insisted that it is absolutely a priority not to continue measuring social areas by what is spent on them, but by what they produce, and that it is imperative to establish productivity and efficiency indicators for each of these areas.

He emphasized that the 1995 budget is extraordinarily important, not only because it defines the government's policies, priorities, and programs for the entire year, but also because it determines the way in which the \$14.650 billion in public spending will be spent. "This amount represents one of every four pesos which the nation produces and it is financed not only by the taxes paid by all Chileans, but it is also important because, as it is the first budget of President Frei's administration, it will set the tone for the next six years."

UDI Criticisms

Jaime Orpis, a UDI member of the Chamber of Deputies Finance Committee, was more critical. He expressed serious doubts about the budget information the government has released, and also about the assumptions on which these data were calculated.

Orpis announced that he and Deputy Evelyn Matthei will today hold a press conference at which he will release a number of statistics that show a lack of consistency in the numbers released by the government and the numbers in the budget bill.

In any event, he said that at first glance the 1995 budget presents a government spending expansion rate that is less than economic growth expectations for next year. In his view, this for the first time interrupts a clear trend seen in budgets in recent years.

Orpis said that higher government spending has a definite inflationary impact and reduces the private sector's profit margins, so he felt that a change in this trend is positive. However, he did insist that the numbers released by the government need to be reviewed carefully before the Chamber of Deputies votes.

Other Views

Special Budget Committee member and socialist Senator Carlos Ominami said last night that he supports the budget's macroeconomic views, but that he would like to see more detailed information on specific programs before expressing an opinion on various line items.

He emphasized the economy's capacity for growth and said that a growth rate of 5.8 percent is "high growth"; this shows that the decline in the GDP in 1994 was an exceptional situation that in no way alters the national economy's capacity for growth.

Ominami viewed the 9 percent inflation goal as positive, saying that he is convinced that this is an area where Chile still has a great deal to do. "If 5.8 percent growth is very high in comparison to international levels, an inflation rate of 9 percent is still inadequate in relation to international standards," he added.

He maintained that the 4.8 percent increase in current spending is consistent with these inflation goals and said that this provides space for the private sector to play a fundamental role in the overall stimulus for growth.

He also hailed as "positive" the budget support for the government's two top priorities: infrastructure and education.

And he emphasized the increase in social spending (8 percent for 1994), saying that this will maintain a trend begun during President Patricio Aylwin's administration.

Chamber of Deputies Finance Committee member Jaime Estevez says the proposed budget is austere and tries to stimulate the economy while maintaining the objective of reducing inflation to one-digit levels.

He emphasized that in 1994 the GDP's growth will be between 4 and 4.3 percent, while in 1995 it is projected to be 5.8 percent.

Inflation this year will be approximately 10.8 percent; next year's goal is to reduce it to 9 percent.

He noted that in the budget the treasury's current spending will grow one point less than the GDP, that is, 4.8 percent. The sector that will grow the most is public works, with a 20 percent expansion rate, although part of this is explained by the replacement of financing through external loans by financing from internal savings. So the actual expansion in public works will be approximately 10 percent.

The Ministry of Labor is expanding at a similar rate of 10 percent, as a result of higher social security costs caused by paying the bonus bonds, he noted.

Other ministries with substantial increases are: Education, up approximately 7 percent, and Health. Housing and Interior are in the midrange of the budget.

Estevez explained that the Ministry of the Interior has the FNDR [National Regional Development Fund] which is increasing by 10 percent, strengthening the nation's regional development process.

He did recall, though, that the percentages indicated do not include salary increases, which have their own bill that is usually considered in December.

Personnel costs are governed separately by the public sector readjustment law, traditionally handled in December.

Colombia

Government Replaces Military, Police Commanders

PA2311024494 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0000 GMT 23 Nov 94

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] No one in the country, not even the best-informed journalists, ever imagined that the government would make such impressive changes to the top military and police leadership. All three-star generals were retired and the same thing took place in the police, where the director and deputy director were changed. First, let us see who the new Army and police commanders are:

Military Armed Forces Commander General Hernando Camilo Zuniga Chaparro was until today only an Army subcommander. He got the top military job without going through the posts of Joint Chiefs of Staff or commander of the Army.

Gen. Harold Bedoya Pizarro is the new commander of the Army, who until today was military attache to the Inter-American Defense Board in Washington.

Gen. Eddy Alberto Pallares, who was Defense Ministry secretary, is now the head of the Joint Chiefs of Staff.

Admiral Holdan Delgado is the new commander of the Navy.

Gen. Hernando Gil was appointed commander of the Colombian Air Force.

Gen. Rozo Jose Serrano, who until now had been police attache in Washington, is the new National Police director. Gen. Luis Enrique Montenegro Rinco, who was the Bogota Police director, is the new National Police deputy commander.

Those who left the military are the following:

Gen. Ramon Emilio Gil Bermudez, who was Military Armed Forces commander. Gen. Hernan Jose Guzman Rodriguez, who was commander of the Army, was relieved from his post and retired.

Gen. Luis Alberto Rodriguez also retired. He was chief of the Joint Chiefs of Staff. Commander of the Navy Hernando Garcia and Gen. Alfonso Abondano Alzamora, commander of the Colombian Air Force, also retired.

In the police, the national government also removed from their posts Gen. Octavio Vargas Silva, director of the National Police, and Deputy Director Gen. Guillermo Leon Diettes.

Defense Minister Fernando Botero explained tonight to the "Seven O'Clock Newscast" the reason for the changes. The "Seven O'Clock Newscast" has learned that the government's decision to appoint Gen. Camilo

Zuniga as commander of the military forces is to give priority to military intelligence, on which he is an expert.

Harold Bedoya was appointed commander of the Army because of his reputation as a troop man and being tough in war. Nevertheless, he has been drilled on the topic of respect for human rights, which should be the main issue on his agenda.

Navy and Air Force changes are due to the government's radical decision to give priority to internal problems and not to conflicts abroad. There will be helicopters instead of Mirage fighter jets and missiles, and there will be small boats instead of corvettes.

In the National Police, the government wanted to commit itself to the total restructuring of the institution; that is why it appointed Gen. Roso Jose Serrano Cadena as director and project sponsor and Gen. Luis Enrique Montenegro as deputy director. Both are decided fighters against corruption and drug trafficking.

Armed Forces Request Increased Budget

PA1811191894 Santa Fe de Bogota EL TIEMPO in Spanish 15 Nov 94 pp 1, 27a

[Report by EL TIEMPO editor Clara Elvira Ospina]

[FBIS Translated Text] The military and the Defense Ministry have decided to ask for \$2.073 billion—1.721 trillion pesos—for the next four years.

Contrary to what one would imagine, the budget is not aimed at significantly increasing forces but at perfecting them, strengthening intelligence and communications, and improving the welfare of members of the military forces and police.

Gone are the days of buying submarines, supersonic airplanes, and missiles.

The Armed Forces' priority for the next four years is to maintain and equip current forces rather than to grow. To achieve that objective, it plans to invest approximately \$2.073 billion in seven strategic projects.

The Defense Ministry and the Armed Forces will have to wage an uphill battle with the government's economic institutions—the Finance Ministry and the National Planning Department—which appear reluctant to approve a project that would triple the previous five-year expenditures of the Armed Forces.

While the 1992-1996 five-year plan was \$631 million, the current project calls for 1.721 trillion pesos, that is, approximately \$2 billion.

The Defense Ministry's Development Plan, which for the first time includes funds for decentralized institutions related to the defense sector, dedicates a good portion of the resources to the development of intelligence, communications, logistic support, and the welfare of Armed Forces troops.

Security and internal order, the confrontation sectors, as they could be called, remain the most economically favored categories, but the plan dedicates more than 32 percent of the total to strengthening the intelligence and communications sectors and to improving the welfare and social security of the troops, categories that were given less importance in previous budgets.

The military has discovered that confrontation alone is not enough so long as there is no efficient intelligence system to detect and prevent crime. They also believe it is necessary to overcome equipment deficiencies and to adjust welfare policies for the troops.

The document, which has the endorsement of Defense Minister Fernando Botero Zea, has been delivered to the National Planning Department, which will decide with the Finance Ministry how much to invest in the development of the Armed Forces for the next four years.

The inclusion in the development plan of funds from decentralized entities would justify a total investment increase in the five-year plan. Approximately \$415 million or 20 percent of the Development Plan would be dedicated to decentralized entities.

The unique aspect of the plan is the reduction of investments in the modernization of the Armed Forces, which has traditionally been very harshly criticized because it has called for purchases of missiles, tanks, submarines, and other equipment not suitable for fighting guerrillas. This category represents only 1.18 percent of the planned budget.

The experts who studied this issue when Rafael Pardo Rueda was defense minister and during the three months that Minister Fernando Botero has headed this ministry based their analyses on seven priorities of the Armed Forces.

These priorities include force mobility, communications, troop welfare, strengthened intelligence, consolidation of reforms of the Police Department, and, most importantly, reestablishment of internal order.

A total of 3.5 billion pesos will be earmarked for human rights training and offices in the country's military and police garrisons.

As a whole, the largest investment estimated for the next four years will focus on the program for internal security and maintenance, which will give mobility and operational support to the Armed Forces and will require \$596 million or 28.7 percent of the total budget.

The second largest investment concerns Program 4, also called the logistic system, in which 26.9 percent or approximately \$559 million of the total plan will be invested. The logistic system includes support for troops in combat (supplies and weapons) and infrastructure (installations and transportation equipment).

Implementation of the Plan

The third largest investment program is for welfare and social security, which includes subprograms to improve

health and increase the number of housing, recreation, and education facilities for the public forces. These subprograms will require 17.23 percent of the plan; that is, \$35 million, some 296 billion pesos.

In addition, 258 billion pesos, approximately 16 percent of the plan, will be allocated for developing intelligence and communications systems. A large amount of that sum will be used for field communications used by agents and enhancement of the intelligence and counter-intelligence programs.

The remaining 12 percent will be earmarked for three programs: territorial integrity, modernization of forces, and rapprochement with the civilian population, which includes allotments for support in cases of disaster, elections, civic-military actions, international cooperation, and environmental protection.

The manner in which the development plan will be implemented has already been established. During the first year of the plan, 12.8 percent of the total, or \$265 million, will be invested. In 1996, \$594 million, 28.6 percent of the total, will be invested. During 1997, \$627 million, or 30.2 percent of the total, will be invested. The Defense Ministry plans to use the remaining 28.3 percent, \$587 million, in 1998.

The military forces (Air Force, Navy, and Army) will utilize the most, 53.77 percent, of the budgeted plans. The National Police will use 15.57 percent, approximately \$323 million. These funds will be mostly used for internal maintenance, logistic support, and developing intelligence and communications systems.

Although the Plan could be regarded as ambitious, the truth is that it includes the experience gained during the previous five-year plan, the opinions of the Armed Forces Planning Office, and the works achieved in more than a year. It is also true that military personnel, policemen, and the ministers are determined to see that the plan is approved.

Defense Sector Development
(in millions of 1994 constant pesos)

Program - Project	1995	1996	1997	1998	Total
Internal Security and Maintenance	72.456	152.522	147.880	121.212	494.069
Territorial Integrity	11.292	40.600	24.136	29.911	105.940
Intelligence and Communications Development	26.324	76.192	85.779	70.581	258.876
Logistic System	63.094	112.676	149.842	139.160	464.772
Troop Modernization	2.388	5.716	7.032	5.205	20.341

Rapprochement with Civilians, Support to Other Organizations	0.553	28.495	26.475	25.469	80.992
Welfare and Social Security	44.230	76.411	80.345	95.744	296.729
Total	220.338	492.612	521.489	487.281	1,721.720

Editorial Views Problem of Insecurity

95CA0029A Santa Fe de Bogota EL TIEMPO in Spanish 31 Oct 94 p 4A

[Editorial: "Insecurity"]

[FBIS Translated Text] Every day it becomes clearer that the nation's leading problem is insecurity. Without exception, each and every one of the Colombian people feel this. And they also feel that there are no effective answers. It seems as if the authorities have grown accustomed to the problem's existence, so the rest of the country will have to get used to the idea that they are doing what they can, and they cannot do any more. That is just the way things are now. Major robberies that still shock us, like the one of the Bank of the Republic in Valledupar, are multiplying. And small robberies are proliferating: car thefts, or robberies of defenseless people in buses, in the street, outside banks. Crime is flourishing, but the country remains "tranquil," discussing issues, which most often are minor or pointless.

The situation is more serious than what is ordinarily believed. Dr. William Fadul, president of Fasescolda [Federation of Colombian Insurance Companies], made public some truly appalling statistics at the association's recent convention in Cartagena. In 1993 vehicles valued at a total of 120 billion pesos were stolen. They were either reregistered with adulterated papers or crossed the border to be fraudulently registered in nearby countries—or in Colombia, when the vehicles were stolen in Venezuela or Ecuador.

Moreover, losses caused by carjackings exceeded 100 billion pesos last year. So almost half a point of the GDP [gross domestic product] is stolen every year in automobiles and their cargo. This by no means insignificant amount is increasing every day. Not to mention other numbers cited by Dr. Fadul, like the 10 billion pesos taken from banks last year—an amount that will be at least 34 billion this year—or thefts from industry, businesses, and homes that exceeded 17 billion in 1993. And this includes only what people report in order to file insurance claims.

Our national priority must be the citizens' security, keeping crime from definitively taking possession of the nation. We would venture to say that this is no less important than talking with the guerrillas in search of what we call peace.

Insecurity's economic cost is huge. Risk in a country with Colombia's level of insecurity is higher in all

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activities than what an investor experiences in a country with similar social and economic characteristics but with security. So insurance premiums must be high and the rate of return expected by investors, whether Colombian or foreign, has to be higher than elsewhere in the world. And of course something similar happens with interest rates. And without our fully realizing its impact, all this affects inflation or price index trends.

We must give the problem of insecurity and ordinary crime the attention it deserves.

Samper Speaks on 'State of Peace'

PA2111210394 Santa Fe de Bogota EL ESPECTADOR in Spanish 18 Nov 94 p 10-A

["Text" of speech by President Ernesto Samper Pizano at the presentation of the First Report on the State of Peace in Popayan on 17 November]

[FBIS Translated Text] We have come to Popayan in Cauca Department to talk about peace. We have chosen this dear land, because it has suffered the terrible effects of violence, as have many areas in the country: the abandoned fields; farmers and cattlemen expelled from their lands; people moved from their plots; Indians uprooted; and frozen investments.

We Colombians want to see Cauca—our Cauca—and all of Colombia progress without the interference of violence again. We want the country's schoolchildren to be able to talk about the future and not with the touching emotion expressed by the child Adriana Vivaldos, when she referred to the barbaric ambush that left misfortune and death in Purace a few days ago.

We have listened to the report presented by High Commissioner for Peace Dr. Carlos Holmes Trujillo, regarding the state of peace. The high commissioner has done effective, discreet, and embracing work.

Preparatory Phase of the Negotiations

We are willing to take an additional step in the search for peace.

We are willing to start a new phase—the preparation of a possible negotiation—and we will do this to the extent that we have the certainty that it will lead us to a permanent peace, will not be used to conduct armed proselytism, and will be accompanied by effective agreements on the need to humanize the war.

The national government, within this framework, will arrange preparatory rapprochements to prepare an agenda of negotiation. To this end, it will give the necessary guarantees for the movement and personal security of the prospective interlocutors.

A Discreet and Reserved Process With All or By Sector

Topics such as violence, drug trafficking, and public order cannot be used to achieve an ephemeral spotlight.

The national government is primarily interested in achieving peace; thus, it is concerned there are sectors that are more interested in the process to search for peace than in peace itself.

Therefore, we insist on the need that the process be discreet, and this is why we have asked the media to make a commitment of self-regulation in order not to turn the search for peace into a spectacle that could end up in another painful jump into oblivion.

It is not possible to make peace amid cameras, tape recorders, and notebooks.

Discretion does not mean that the process must be secret: The general public has the right to be informed of the advances in the peace process and development, and, of course, to give its opinion on the same.

To ensure the privacy of the talks, the national government believes the best place to advance in this preparatory phase would be in a foreign country, and the government will insist on this point unless it is certain the preparatory rapprochements can be advanced with enough privacy and security in our national territory.

Interlocutors and the Paramilitary

We would prefer comprehensive negotiations with all of the rebellious groups seated at the same table. If this proves impossible, we are willing to reach an understanding with those who express their commitment toward peace under the terms we have already outlined.

I would like to announce that the government is preparing a General Disarmament Law that will include specific rules to facilitate the disarmament of paramilitary groups, reduce the number of weapons in the hands of individuals, and heighten state controls over private security businesses, thereby ensuring that the legitimate monopoly on power is returned to the hands of the state.

Peace Amid War

The peace process that we will implement is intended to end the war once and for all. Nevertheless, the Colombian people must be aware that acts of violence will continue to occur during the peace process. If this was not to be expected, we would have no reason to seek peace. On the day that belligerent actions end completely, peace will have been established.

The government expects the war's intensity to be reduced immediately. Nevertheless, the government's announcement that it is willing to find a political solution for the problem of violence does not mean it will drop its guard or forgo its policy of protecting the constitutional rights of all Colombian citizens.

The Colombian Armed Forces will continue to respond with special vigor to any public disturbances.

To Humanize the War

As long as the war lasts, we have the moral duty to prevent innocent civilians from being victimized by the war.

The government has committed itself to an ambitious policy of defending human rights, aware as we are that a state cannot ask its citizens to do anything the state cannot demand from its own servants.

We have pledged to enforce international human rights standards. We have pledged to carry out an intense campaign to educate the people on human rights. We have pledged to open an ombudsman's office at every military garrison and include this subject in all Armed Forces workshops. We have also pledged to aid those displaced by violence, a policy that the PNR [National Rehabilitation Plan] will implement in a short time.

Humanitarian Policy

We are willing to commit ourselves to a new humanitarian policy in fulfillment of Article 3 of the Geneva Agreements and Protocol II of 1977, presently being debated at the Congress, and obey humanitarian laws on armed conflicts. These laws specifically cover those civilians living in areas of conflict and the members of armed agencies or groups of any type who have laid down their weapons or have been disabled by disease, injury, arrest, or any other cause.

The idea is to recognize that, in the case of an armed conflict such as the one that oppresses us, every human being is protected by humanitarian principles and the demands of public awareness.

The idea is also to enforce the principle that no one has an unlimited right to select weapons that will harm his enemy when innocent people stand in the crossfire.

Colombia, as a country built upon the law with a Constitution that is respected and obeyed, and a country with deeply civilist Armed Forces, makes a commitment to humanize the war.

Colombia expects the groups that have taken up arms to coincide with these ethical premises, particularly those that refer to the following aspects in the international Geneva Convention and its Protocol:

—Specific prohibition for combatants regarding non-combatants:

- A. To avoid attempts on the lives, health, and physical or mental well-being of civilians.
- B. To refrain from torture, mutilation, and every form of physical punishment.
- C. To avoid taking hostages and laying booby traps and mines.
- D. To avoid perpetrating terrorist actions and attacking personal dignity.

—Physical and moral protection of the injured and the sick.

—Protection of the civilian population from the war's hostilities and those aspects related to the hostilities themselves.

In the past, guerrilla groups have already made public statements regarding their agreement and compliance with these standards to humanize the war. The national government is currently urging the armed rebels—as Colombian citizens, which they are, and as the political players they can become—to take decisive steps to limit the suffering of the civilian population trapped in the conflicts and the suffering of the injured and sick outside the conflict. They are also being urged to convey to the country clear proof of their willingness to advance, in practical terms, toward the peace the entire country desires.

The Colombian Government would accept a verification organization for the purpose of humanizing the war—an organization such as the Colombian Red Cross with support from the International Red Cross or the Colombian Attorney General's Office.

Civilian Society

Contacts with civilian society have been intense and productive. There is a clear willingness among all Colombians to reconcile. Bishops, Christians, congressmen, mayors, governors, businessmen, and workers from the oil industry have all offered their cooperation to build the great structure of peace, and their contribution is welcome. In this new stage, we will continue mobilizing them to ensure that civilian society will become a vital partner in the reconciliation process among all Colombians.

To create a climate conducive to peace within the entire nation, we will begin to bring together representatives from civilian society at a regional level. They also have a great deal to contribute to the effort of facilitating peace.

The building of peace, to make peace possible, is a task of all, but the negotiation of peace is the exclusive responsibility of the national government.

We will work according to the Fund for Peace program proposed by the National Union Council, and we will do this convinced as we are that peace is not free; it has a price, and all Colombians must be willing to pay this price.

On the day we achieve peace, we will be able to take funds which today finance the war and earmark them as investments to finance another kind of peace—social peace.

On that day, the social movements that will broaden the realm of democracy will also be reborn, as will the first signs of a citizenry molded by tolerance.

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Beginning this week, with the implementation of the Development Plan, the government will promote—in this preliminary stage for peace—working groups in which Colombians can present their views and urge that their desire for change be considered. The proposals on social and economic changes made public by several rebellious sectors will be evaluated by these consensus and analysis groups.

Serenity and Tolerance

Colombians should not expect magical solutions to the problem of violence. It has taken many years to build this complex and evil machinery of destruction, and now we must disassemble it with calm and a capacity for sacrifice and submission.

We will not set deadlines for peace, and I urge the Colombian people not to confuse patience with hesitation or tolerance with weakness. We will take as much time as necessary and will act with enough energy to enable this process to lead to a permanent and stable peace—the kind of peace being sought by all Colombians.

Within a reasonable period of time, the high commissioner will submit a second report on the results obtained during the stage we are beginning today.

Peace does not just happen; it is created. War erupts; peace is constructed. We will all construct a great society that offers peace to everyone.

Someone once said that the destiny of mankind is woven with the black yarn of fear and the white yarn of hope. The time has come for the destiny of the Colombian people to be woven with white yarn. We do not want any more fear; we want hope. Many thanks.

Third Quarter Economic Performance Surveyed

Introduction

95CA0017A Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 1B

[FBIS Translated Text] The Colombian economy is not only going well, but its prospects appear to be improving daily.

Colombian businesses achieved acceptable results in the third quarter, although they did not meet their expectations for increases in production, sales, and profits.

The 11th Economic Opinion Survey (EOE) conducted by EL TIEMPO for the July-September period made it clear that the economic climate remains favorable and, more importantly, that the prognosis for the medium and long terms has improved.

Business executives do not have a lot of faith in efforts to curb inflation, however, and they believe that this indicator will continue to hover around 20 to 22 percent.

Grade: 2.9

But not all the news is good. Most of the 400 executives consulted in the EOE "flunked" Ernesto Samper's administration in its first two months in office: The average grade for its handling of the economy was just 2.93 out of a possible 5.0.

This can be explained by the level of uncertainty that any change in government causes, and by the expectations raised by the adjustment in the administration's style. Indeed, the results show that the uncertainty is greater now with respect to the handling of the economy.

When EL TIEMPO began the EOE three years ago, then President Cesar Gaviria also received a grade of less than 3.0, but quarter after quarter his grades continued to rise. By the end of his term, he was rated an acceptable 3.7 out of 5.0.

The survey, conducted each quarter by EL TIEMPO and Yankelovich Innova de Colombia in the main cities of the country, revealed another surprise: Businessmen now believe the economy could grow even more.

In the first survey of the year, done in the last days of March, the business leaders polled estimated that the total production of goods and services (GDP [gross domestic product]) in 1994 would grow by 5.3 percent. By the second half of the year, because of fears prompted by the change in government, their estimates fell to 4.8 percent; but by the end of September, they were talking about 5.4 percent again.

That is not all. In mid-year they estimated that in 1995 the economy might grow by just 5.3 percent, and now their optimism has grown so much that they are predicting at least 6.1 percent. For the first time in years, these figures are beginning to coincide with official projections, which the private sector and many economic experts used to call "optimistic."

As has happened in earlier surveys, the majority of Colombian business executives always project their activity on the basis of better results in the immediate future, even though they know they are difficult to achieve.

For example, in the poll taken at mid-year, 43 percent expected better production figures in the third quarter, and 40 percent of them were proven right. Nonetheless, between 56 and 60 percent thought sales and profits would improve, but that did not happen. Only 38.5 percent saw an increase in sales, and earnings went up for only 37 percent.

Although they know that they did not achieve as much as they had hoped, prospects for the October-December quarter are again very good. Fifty percent expect to boost production, 28.7 percent believe it will remain stable, and only 21 percent think it may decline.

The same is true of sales, profits, and employment. At least 80 percent of the 400 business leaders surveyed

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expect that these indicators will hold steady or increase in the last quarter of the year.

The widespread optimism does not seem temporary, however. In the third EOE of the year, the number of executives who think the economy will be better under the new government rose from 57 to 65.7 percent. The proportion of those who think things will remain at least the same stayed at 23 percent.

Manufacturing Sector

95CA0017B Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 2B

[FBIS Translated Text] Colombian industry is increasingly optimistic, although there are some problems.

This is revealed in the results of the Economic Opinion Survey (EOE) conducted by EL TIEMPO in conjunction with the firm Yankelovich de Colombia.

Most of the business executives in the survey reported increased sales, production, profits, and employment during the third quarter of this year compared to the same period of 1993.

Forty-five percent of industrialists stated that sales rose during the period, while 36 percent said they remained steady. Only 18 percent reported a decline. These results did not, however, match the expectations they had in June.

Production also showed better results than it had during the same quarter of 1993. Last year, 36 percent of those polled said they had seen increases, compared to 46.6 percent for the same period this year.

This assessment agrees with that of the industrial opinion poll conducted by several trade groups affiliated with the National Association of Industrialists (ANDI), which made it clear that production in the first five months of the year grew by 6.6 percent, more than a point above the economic growth target set by the government.

Business executives reported an increase in company profits as well. Thirty-eight percent said they had earned

higher profits in the July-September period, while 35 percent of those surveyed reported the same results in that quarter of 1993.

Positive trends in industrial activity also favored the unemployed, as 26 percent of the businesses surveyed expanded their payrolls, 55.6 percent made no changes, and 18 percent made some layoffs.

Against Liberalization

Although the ANDI has always said it is not afraid of liberalization, individual executives firmly believe that industry's biggest problem is competition generated by the internationalization of the economy.

Of the industrial leaders polled, 25.8 percent stated that imported goods have taken away much of their domestic market share.

Businessmen also say that the low competitiveness of Colombian products is due to the revaluation of the peso; 11.9 percent of the respondents said that the exchange rate of the national currency is one of the sector's principal problems.

Although industrialists' complaints in the last few days have focused on smuggling and money laundering, in the EOE these problems were not deemed particularly traumatic.

Uncertainty Growing

The change in government has aroused a certain amount of fear among industrial leaders that there may be a shift in the management of the economy, a factor that had disappeared during the final months of the previous administration.

The responses of the participants in the survey agree with the position taken by the ANDI during the national assembly held three weeks ago in Medellin.

Seventeen percent stated that the sector's main problem is uncertainty about the handling of the economy. Their fears were aggravated by the decisions to restrict foreign investment and foreign indebtedness. This factor was exceeded only by competition generated by the liberalization. Other problems in the sector are smuggling and money laundering.

Industry: Third Quarter (%)

	Sales	Production	Profits	Employment
Up	45.1	46.6	38.3	26.3
Steady	36.8	33.8	39.1	55.6
Down	18.0	13.5	20.3	18.0
Does not know/no response	-	6.0	2.3	-

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Inflation Goal Questioned

95CA0017C Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 2B

[FBIS Translated Text] Colombian business executives have not believed the government's promises to lower inflation, and their predictions are still being proven right.

Since last year, they have been saying that it would not be easy to bring the level down to 19 percent. They have been betting on 22 percent, and they appear to be right.

Although the government and the board of directors of the Bank of the Republic have insisted that it is possible to reach that goal, the latest reports from the National Administrative Department of Statistics (DANE) suggest the contrary. As of September, the cost of living index was 22.31 percent for the past 12 months.

Businessmen estimate that inflation will end up at 22.1 percent, which, though slightly lower than the 22.6 percent recorded last year, is far from fulfilling the government's expectations.

The financial sector is the most optimistic about inflation; its leaders believe it will be 20.5 percent by the end of the year. Sectors such as construction, commerce, transportation, exports, and electricity think the cost of living will rise by more than 22 percent, however.

One of the reasons why the target set by the central bank and the government has not been reached is the growth of public and private spending. In the initial months of 1994, public spending grew at a pace of nearly 70 percent.

Another reason is that prices of goods and services in this country have persistently risen by 20 to 25 percent in the last few years.

No Change

The inflation picture will be no different in 1995 than in 1994. According to the executives, the cost of living could rise by 21.8 percent, much higher than the preliminary projections of the central bank's board of directors, which called for an inflation rate of 17 percent.

The pessimism could stem from uncertainty about the signing of the social pact and the fulfillment of the government's promises not to make excessive hikes in the prices it controls. Moreover, it does not appear easy to curb the growth in consumption.

Export Sector

95CA0017D Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 5B

[FBIS Translated Text] Things went well for exporters, though not as well as they had hoped.

By the end of the third quarter of the year, however, the results are still encouraging and the prospects good.

Apparently, the rise in international prices for tradable goods and the consequent rise in Colombia's external sales have enabled the export sector to continue boosting production and profits.

EL TIEMPO's Economic Opinion Survey (EOE) revealed that for 35.7 percent of exporters, profits climbed between July and September. By the end of June, however, more than half of those surveyed were confident that their profits would continue to rise in the third quarter.

The vast majority of the participants in the poll (42.5 percent) [as published] saw their company's profits remain steady, while 21.3 percent reported a decline.

Export firms also performed well in the production column. Only 22.1 percent of those polled claimed to have suffered a decrease.

Meanwhile, growth remained close to expectations: 42.5 percent of exporters stated that production had risen in the third quarter, while 34.7 percent reported it had remained the same.

By the end of the second quarter, 80 percent of the executives were certain that their production levels would climb or at least remain steady.

Sales Good

Although in June, 58 percent of exporters expressed confidence that their sales would increase, the EOE revealed that only 42.7 percent were proven correct.

For another 37 percent, sales did not change, while 20.3 percent reported reductions.

Thanks to the arrival of the Christmas season, however, more than 50 percent of those surveyed are hopeful that sales will take off in the final quarter of the year.

Employment in export firms may be the variable that has shown the least growth. Only 22.1 percent of the businessmen surveyed indicated that the number of employees at their production plants had grown, while 55.4 percent stated that the number remained unchanged.

What appears certain is that, no matter how well things are going for these businesses, the chances are slim that they will hire more workers in the next quarter.

According to the EOE, more than 60 percent of exporters are sure their payroll will not expand for the rest of the year.

Only 23.1 percent think they may employ more people, and 12.9 percent even think they may have to lay off personnel.

Revaluation the "Bogeyman"

Although it was clear at the recent National Assembly of Exporters that the revaluation is not the only factor

affecting exports, the respondents in the survey still regard it as the "bogeyman" of their businesses.

And then there are problems like the competition generated by the liberalization, the deficient infrastructure, bureaucratic red tape, and the cost of credit.

According to the EL TIEMPO opinion poll, 22.9 percent of exporters believe the revaluation is the principal problem confronting their business, followed by competition from the liberalization (15.8 percent) and the cost of credit (9.3 percent).

Despite these problems, exporters remain optimistic. More than 80 percent of those surveyed foresee profits continuing to grow, or at least remaining the same.

Only 17.5 percent see gloomy prospects ahead and think their profits will plummet.

More than half of the executives also expect production to increase.

Exporters		
	Third Quarter Production (%)	Fourth Quarter Production Pro- jections (%)
Up	42.5	53.2
Steady	34.7	26.9
Down	22.1	18.6
Does not know/no response	0.7	1.4

Views Mixed on Social Pact

95CA0017E Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 5B

[FBIS Translated Text] Just four days before the government is to call for a social pact to lower inflation, Colombian business executives appear to be less hopeful that such an agreement can be reached.

The Economic Opinion Survey (EOE) revealed that 56 percent of those polled believe in the productivity, price, and wage pact. Three months ago, however, 60 percent of them gave the same response.

Some sectors are more supportive than others. The financial system, agroindustry, and industry fit in that category, and they have great weight when it comes to seeking consensus.

The proportion of businessmen who do not believe in an agreement is on the rise: Compared to 37 percent in the second quarter of 1994, it is now 42 percent. The biggest factor in Colombian executives' lack of confidence in the agreement is the government's ability to keep its promises, say 37 percent of those surveyed. They argue that previous experience does not give rise to optimism.

For example, in the Gaviria administration inflation could not be brought down as promised; in the first years of the administration all the prices and rates charged for

goods and services provided by the government were revised upward, above the target levels. Furthermore, it pledged to reduce public spending and was unable to do so.

Another cause for concern is the inability of businessmen themselves to reach agreements. Although there is a National Trade Council, which is an umbrella organization for the country's principal business groups, it is not easy to arrive at unified positions. This may prove to be a stumbling block in future negotiations.

Concern Over Apertura, Credit Cost

95CA0017F Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 8B

[FBIS Translated Text] Five years after the process began, business executives appear to be increasingly fearful of trade liberalization [apertura].

Not only do they think the competition caused by opening the doors of the economy is the principal problem facing their companies, but they also believe it is the most serious obstacle in the economy as a whole.

This is revealed by EL TIEMPO's Economic Opinion Survey (EOE) for the July-September quarter.

That result is consistent with the responses from the first and second quarters, when the *apertura* ranked first among problems identified by the business executives surveyed.

Whereas last time 18 percent of those polled stated that it was the principal problem in the economy, this time that answer was given by 25.8 percent.

This increase means that the government faces the great challenge of assuaging businessmen's fears, especially when "giving the *apertura* a heart" that was one of President Ernesto Samper Pizano's campaign promises.

Expensive Credit

The cost of credit ranked second among the problems facing businessmen, having been the chief problem in some surveys last year.

It is easy to see the reason for this phenomenon: Average interest rates for loans jumped from 35 to 43 percent in just five months.

In view of this situation, it has been noted that many executives have ended up finding other means of financing their companies' investment projects.

Others, meanwhile, have opted to issue preferred stock, which in the long run costs less.

In spite of that, executives do not think this is hurting the economy; they ranked the cost of credit sixth among the problems affecting the economy overall.

A similar assertion can be made regarding uncertainty about the handling of the economy: While the respondents believe it is the second-greatest problem in the economy, they ranked it seventh among individual companies' problems.

The initial months of the Samper administration have been characterized by criticism of its unclear economic policies, which might explain that answer.

What About the Dollar?

The revaluation is still another problem facing businessmen as they try to carry out their activities. This is especially true in the export sector.

In spite of that, President Samper insists that the government has already begun its battle against runaway revaluation by restricting foreign indebtedness and streamlining the processing of drafts for imports, among other measures.

The same is true of smuggling: Although the government has announced an all-out war on this scourge, business executives still regard it as one of their main problems.

They even say it has gotten worse in the last quarter; its ranking has climbed from sixth to fourth among problems facing the economy. The lack of security, though still a problem, has lost ground among businessmen's concerns.

This issue began to be perceived as less important during the last quarter, having at one time been the number one problem for the economy and for individual businessmen.

The same thing happened to low demand, which remained at the same level with respect to the preceding quarter. Executives had previously identified it as a major obstacle to success.

Principal Problems of Businesses (%)	
Competition from liberalization	19.0
Cost of credit	12.6
Revaluation	9.2
Smuggling	8.2
Lack of security	8.4
Uncertainty about handling of economy	7.1
Lack of capital	8.4
Low demand	5.3
Bureaucratic red tape	5.7
New taxes	3.5
Credit restrictions	0.8
% of answers given by respondents	

Principal Problems of the Economy (%)	
Competition from liberalization	25.8
Uncertainty about handling of economy	14.3

Revaluation	11.9
Smuggling	10.8
Lack of security	9.4
Cost of credit	6.9
Lack of capital	6.1
Low demand	3.8
Bureaucratic red tape	3.5
New taxes	2.4
% of answers given by respondents	

Construction Sector

95CA0017G Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 9B

[FBIS Translated Text] Although projections indicated that the construction sector would begin a downward trend in 1994, just the opposite is happening; a record year is predicted.

By the end of the first quarter of this year, the pace of construction activity fell off a bit, but in the last few months, all predictions notwithstanding, it got its second wind and once again became the driving force of the Colombian economy, as it has been since the middle of 1991.

Builders have maintained that, in any case, there will not be a downturn in the cycle, but they are certain that in response to the reheating of some strata of the market, as demand falls off, there will have to be a repositioning.

The Economic Opinion Survey (EOE) conducted every three months by EL TIEMPO reveals that production, measured in terms of the building process, held steady in the third quarter for 54.5 percent of the respondents, and grew for 22.7 percent. This implies that for more than 77 percent of them, things are going well. Only 4.5 percent spoke of a decline in construction.

The prospects for the final quarter of the year look good, too. Half of the builders interviewed claim that construction will remain stable for the rest of the year, and 22.7 percent think it will increase.

The healthy performance can also be seen in sales. During the July-September period of this year, 41 percent of those surveyed reported increased income from sales, while 35 percent said they had remained the same.

Forty-five percent of business executives in this sector think the fourth quarter will see an improvement in sales, while 39 percent think they will hold steady.

As for profits, 27 percent responded that they rose in the third quarter, and 36 percent think they will continue to improve for the rest of the year. Half of the respondents think profits will stay at the same level.

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The latest reports of the Colombian Chamber of Construction (Camacol) indicate that between January and September, building permits have been issued for 9.3 million square meters, which represents a 17.8-percent increase over the same period last year.

If this pace keeps up, the sector will break the record of 12 million square meters this year.

It should be noted that in the EOE of the third quarter of last year, it was predicted that these figures would take a turn for the worse, but so far that has not happened.

Bogota, Cali, Medellin, and Armenia are the most dynamic cities as far as construction is concerned, and housing accounts for 68 percent of all building.

The fact is that between now and the end of the year, construction will enjoy relative stability, which suggests that 1994 will indeed be the best year yet.

Construction		
	Third Quarter Production (%)	Fourth Quarter Production Pro- jections (%)
Up	22.7	22.7
Steady	54.5	50.0
Down	4.5	9.1
Does not know/no response	18.2	18.2

Financial Sector

95CA0017H Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 12B

[FBIS Translated Text] The financial system is continuing to grow stronger in the country's economic circumstances, not only because of the volume of profits, but also because of the favorable prospects for the short and medium terms.

Despite the monetary and credit measures that have hampered credit, high interest rates, and general uncertainty; banks, savings and housing corporations, and other financial entities are still performing well. That trend should improve in the coming months.

This is shown in the Economic Opinion Survey (EOE), which reveals that for 50 percent of the sector, profits rose in the third quarter of this year, while they remained steady for 41 percent.

This was to be expected, given that earnings in the financial system grew by 38 percent, to a total of 362 billion pesos, in the first half of 1994. The prospects for the rest of the year appear even more favorable, according to 58 percent of the business leaders polled, who say their profits will grow.

The strong performance is largely due to the boom in lending and the high interest rates that are being charged for loans, which now exceed 40 percent a year.

But the high interest rates were also the main problem facing these entities in the third quarter, according to 25 percent of those surveyed.

This is because although they made more money on the interest charged for loans, much of that money has to go to pay higher yields on savings accounts or time certificates of deposit (CDT). These yields are now more than 30 percent a year.

Bankers consider the principal problems of the economy to be the revaluation, the cost of credit, and the lack of security. The latter has hit financial institutions particularly hard, because there has been a wave of bank robberies in several cities.

Critical of Government

Although the financial sector has some of the best numbers, it is hard on the Samper administration. On average, it gives its handling of the economy a grade of 2.87 out of 5.0, similar to the grade awarded by industrialists.

The reason for this position may be the measures adopted by the government and the board of directors of the Bank of the Republic, which are aimed at restricting the growth of financial entities' holdings.

Financial entities are more sanguine about the growth of the economy, predicting an increase of 5.1 percent in the GDP in 1994 and 5.2 percent next year. With regard to the latter prediction, they are the most pessimistic of all; the 10 sectors polled predicted an average of 6.1 percent.

In contrast, they are more optimistic about inflation. Financial officials believe that by the end of the year, the cost of living will have gone up by only 20.5 percent. They forecast an inflation rate of 20.4 percent for next year. In both cases, they are nearly two points below the average reported in the EOE.

Agricultural Sector

95CA0017I Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 11B

[FBIS Translated Text] The last quarter was a period of effervescence for the agroindustrial sector. For much of the sector, the change in government meant a change in the rules of play that benefitted agriculture. Therefore, the businesses in this sector see a clear future ahead of them.

Even though 43 percent of agroindustry reported a decline in profits in the July-September quarter, 85 percent of those surveyed believe that things will improve and that profits will hold steady or grow in the final quarter.

The same is true of sales, which 78 percent expect to stay at their current level or achieve some growth.

As for production, there is also optimism, but to a lesser degree; 38.8 percent expect it to rise in the final quarter, and 31 percent think it will at least remain stable.

The change in the rules of play implemented by the new government had a direct impact on agroindustrial companies that process raw materials obtained on the international market.

With the agreements on the absorption of national harvests, the centerpiece of the short-term agricultural recovery policy, many firms were restricted to the domestic market. In other words, they had to purchase most of their raw materials from Colombian farmers.

These agreements were accepted "unwillingly" (wheat, barley, sorghum, corn, and some in oils). Several processors remained "rebellious," however, preferring to pay a little more for foreign raw materials if they had to.

There have been no extreme positions, though, and the agreements that are lacking will likely be achieved soon. The government understands that there are complex subsectors (oleaginous seeds) that require modifications in these agreements. The main problem facing agroindustrial export firms is the revaluation of the peso, according to 43 percent of the respondents in the EOE.

But in the next few months, some subsectors, such as flowers and bananas, which have experienced some of the most dynamic growth, will face serious difficulties due to protectionism in markets that have already been conquered, primarily in the United States.

Last year at about this time, agroindustry did not see a difficult road ahead, just like now. It had a cautious attitude about inflation, its assessment of the government, and its expectations for economic growth, just as it does now.

Agroindustrial executives predict a growth rate of five percent for 1994 and 5.8 percent for 1995. This year they expect inflation to reach 21.8 percent, but they think it will fall only slightly to 21.4 percent next year. These predictions are more optimistic than those of other sectors.

Agroindustry		
	Third Quarter Production (%)	Fourth Quarter Production Projections (%)
Up	35.7	50.0
Steady	42.9	42.9
Down	21.4	7.1

Commercial Sector

95CA0017J Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 14B

[FBIS Translated Text] The July-September quarter of 1994 went better for retail businesses than the same

period of last year. And the reason is resoundingly clear: Demand is continuing to climb at a good clip.

Although they have had to make a slight sacrifice of profits in 1994, business sales have leaped ahead. What they lose because of the smaller profit margin is partly offset by greater sales volumes.

According to the results of the EL TIEMPO Economic Opinion Survey (EOE), sales grew less this quarter than they did the previous quarter.

While 46.5 percent of merchants reported increases in sales between April and June of this year, only 41.1 percent reported the same for this past quarter.

These retail sales figures coincide with those released by the National Administrative Department of Statistics (DANE), which showed growth at a rate of nine percent a year as of the middle of this year.

In the opinion of the merchants surveyed, the sector's principal problem is competition generated by the *apertura* [liberalization] of the economy. This contradicts what the retail trade association stated at its convention in Cartagena, however. Merchants attending the convention called for continued integration of trade, although they demanded stronger customs controls to combat smuggling.

The second most important problem for this sector is smuggling, which amounts to \$2 billion (1.6 trillion pesos) per year, according to the trade association. Similar opinions were expressed by the business group during its recent convention in Cartagena.

Because of increased competition on the domestic market, retail tradesman have had to rationalize the use of personnel in order to cut costs and curb the fall in profits.

The sector made an about-face in its position on the government's handling of the economy compared to the same quarter of last year.

Low Grade

Between July and September of 1993, merchants gave the government of then President Gaviria a grade of 3.5 out of 5.0, while for the same period of this year they gave Samper a grade of 2.91.

In looking at the answers regarding the principal problem facing their businesses, however, it can be seen that only five percent expressed concern about future changes in economic policy. This suggests that there is not as much uncertainty among business executives in this sector as had been thought.

Moreover, prospects for the final quarter of the year are good, according to 46.7 percent of the respondents. A similar percentage believe that the results will be much the same as in other final quarters.

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Retail Trade: Third Quarter (%)			
	Sales	Profits	Employment
Up	41.1	30.8	15.0
Steady	35.5	36.4	67.3
Down	22.4	29.9	15.0
Does not know/no response	0.9	2.8	2.8

Transportation Sector

95CA0017K Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 94 p 14B

[FBIS Translated Text] Five problems plaguing transport firms have begun to make a dent in profits in this sector.

Bureaucratic red tape, foreign competition, the lack of security, uncertainty about the handling of the economy, and the high cost of credit were the factors cited as the principal obstacles in this business activity.

Executives believe that the changes in the Public Works Ministry and now in the Transportation Ministry have been too traumatic for the sector, primarily due to the elimination of the National Transportation Institute (Intra).

Partly because of these and other problems, 50 percent of the businessmen polled reported a decline in their companies' profits. According to the trade association, however, the losses are largely attributable to highjacking, the increase in the number of automobiles, and the poor condition of national and regional highways.

Only 33.3 percent of the executives claimed that their profits had increased in the third quarter of this year.

Furthermore, expectations of earnings for the final three months of 1994 are not very good, despite the arrival of the year-end season. Only 34 percent of the executives stated that there will be a growth in the demand for their services, while a similar percentage think the volume of business will not change. In spite of this situation, 46.7 percent think profits will rise during the next quarter.

The pessimism of transport executives is reflected in the grade they have given the government for its handling of the economy: 2.6 on a scale of 5.0. During the same period last year, they gave a grade of 3.6 to the team of then President Gaviria.

Transporters are not very optimistic about their prospects for 1995, but they think they will be better than in 1994.

They foresee an economic growth rate of 6.5 percent for 1994, 7.5 percent for next year.

Transport

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	Third Quarter Earnings (%)	Fourth Quarter Earnings Projections (%)
Up	33.3	34
Steady	16.7	34
Down	50.0	—
Does not know/no response	—	32

[Box p 13B] [polling methodology]

Total of 403 Business Executives in 11th EOE

The Economic Opinion Survey (EOE) for the third quarter of 1994 was conducted among 403 business executives in the main cities of the country.

This opinion poll, which EL TIEMPO carries out every three months with technical assistance from the firm Yankelovich Innova de Colombia, involved the nine principal sectors of the economy: agroindustry, mining, industry, electricity, construction, retail trade, transportation, finance, and services. In addition, exporters in all sectors were analyzed separately.

To achieve a more precise analysis, EL TIEMPO and Yankelovich weighted the responses in accordance with the share each sector has in the gross domestic product (GDP).

A total of 403 companies were surveyed, of which 97 recorded sales of less than 1 billion pesos a year; 50, sales of 1 billion to 5 billion; 41, sales of 5 billion to 20 billion; and 180, sales amounting to more than 20 billion pesos a year. Thirty-four businesses did not answer the question about sales.

Sixty-one percent of the companies are headquartered in Bogota, 31 percent in Medellin, and the rest in Cali, Barranquilla, Pereira, Bucaramanga, Armenia, Envigado, and Pasto.

This is EL TIEMPO's 11th Economic Opinion Survey (EOE), and it was conducted by:

Luis Alberto Lopera R. (economic editor) Jaime Mejia Mazuera (assistant economic editor) Edmer Tovar Martinez Jacqueline Guevara Gil Jaime Cristancho Gomez Clara Ines Rueda Gomez Maria Alejandra Castellote Ismael Enrique Medina Graphics: Carlos Gonzalez Layout: Gonzalo Vivas

Ecuador

Demonstrators Clash With Police in 'Heated' Protest

PA2211235994 Mexico City NOTIMEX in Spanish 2237 GMT 22 Nov 94

[FBIS Translated Text] Quito, 22 Nov (NOTIMEX)—Quito today was left without bus services after students,

teachers, and bus drivers clashed with the police during a heated protest that spread to several points in the country.

The few buses that circulated early in the morning vanished from the streets of Quito in the course of the day after the drivers who participated in a march toward the government building forced them to go away.

The drivers' leaders were received by acting government minister Roberto Paissailague shortly after leaders of thousands of demonstrators clashed with the police in the center of the city.

In addition, the police kept a march of public school professors from reaching the government building and scattered the demonstrators with violence.

There were street demonstrations near the Central University of Quito, one of the country's most important higher learning centers.

Groups of demonstrators threw home-made bombs against the Finance Ministry building. This ministry is in charge of making monthly revisions to fuel prices, whose recent rise is the main reason for the protests.

In Guayaquil, the country's main economic center, activities went on as usual but drivers' leaders have announced that they are preparing a march to Quito to demand that the government repeal the diesel fuel price rise.

In Cuenca, Ecuador's third most important city, 442 km south of the capital, there is no transportation service and the teacher's strike is almost total.

Industries Minister Jose Vicente Maldonado has announced the imminent compensatory measures in favor of banana producers and of shrimpers and fishermen, all of whom claim they have been negatively affected by the fuel price increase.

Shrimp-farm owners and businessmen dedicated to fishery have said that their activities have been paralyzed for the past three weeks, since the government increased fuel prices.

The recently appointed public health minister, Alfredo Palacio, is confronting an indefinite strike the health sector employees initiated yesterday. These employees are demanding a larger budget for the sector and the annulment of a decree that forces patients to pay for health services.

Some of the main roads of Guayas, a southwest province, have been blocked by demonstrating municipal workers on a 24-hour strike to demand operational funds.

Social agitation in the country, which has been made more acute by the teachers' strike and the indefinite strike by the health workers, began last week, after the

government increased the price of diesel by 63 percent. Diesel is the fuel the transportation and industrial sectors use.

Armed Forces Crime-Fighting Role Evaluated

95SM0057A Quito EL COMERCIO in Spanish 23 Oct 94
pp 1, 3

[Interview with Defense Minister Jose Gallardo with unidentified correspondent; place and date not given]

[FBIS Translated Text] New plans but few concrete details about the military responsibility for protecting society: this is what emerges from an interview with the Minister of Defense, General (retired) Jose Gallardo.

The minister states that the Armed Forces collaborate with the police in special operations against crime, and that there is no rivalry. His subordinates, if he is to be believed, do not want to take the place of the police and carry out their role. "They (policemen) are trained and equipped to perform their duties, and we are collaborating with them." There is a reason for the intervention of the military, which arises from a special situation: the increase in crime that the police could not keep under control.

Gallardo said that drug traffickers have been arrested, although he gave neither names nor numbers. There is intense activity on the northern border. "Attacks on interprovincial traffic as well as on banks have been substantially reduced. We are now directing our efforts against juvenile gangs."

However, he admitted that there have been problems. We have made mistakes and the problem of crime is serious. We are going to continue until we obtain better results.

Crime increased at an accelerated rate in Ecuador in recent months. As a result of this situation, the president of the Republic, Sixto Duran-Ballen, signed a decree several weeks ago that provided for the intervention of the Armed Forces in the fight against crime. The decree authorized the Armed Forces to coordinate their investigations and operations with the police.

Defense Minister Jose Gallardo provided an evaluation of the situation.

[EL COMERCIO] What have the Armed Forces managed to accomplish in the fight against crime?

[Gallardo] We already have the first results. For example, persons involved in Colombian drug trafficking have been arrested. Through them, other investigations have been developed. Two important drug trafficking rings have also been uncovered. Attacks on interprovincial traffic as well as on banks have been reduced substantially. We are now directing our efforts

against juvenile gangs. However, there have been problems. We have made mistakes, and the problem of crime is serious. We are going to continue until we obtain better results.

[EL COMERCIO] The Human Rights Commission claims that the governmental decree is an open door for the Armed Forces to commit abuses....

[Gallardo] When the police are not present certain powers have been granted us similar to those that the police have. The Armed Forces need certain legal prerogatives in order to act effectively. If they have been given to us, it is because we have to perform functions similar to those of the police: to protect society. We have trained our personnel so that they will not commit abuses nor excesses.

[EL COMERCIO] As far as one can see, crime is not decreasing. At this rate, when will the Armed Forces return to their usual duties?

[Gallardo] We will return to our usual activities when crime has decreased significantly and the police can handle the situation on their own. As long as the populace is without protection and asks to be protected, we will act.

[EL COMERCIO] There are persons in the police who are not in favor of joint operations. Do you believe that joint activities by the two institutions has caused resentment?

[Gallardo] We are working together. The two institutions support one another. I believe that, fortunately, there is no jealousy between the Armed Forces and the police. Both are necessary for the country. We do not want to take the place of the police in fulfilling their role. They are trained and equipped to perform that role. We are collaborating with the police.

[EL COMERCIO] Kidnapping is now one of the great evils. Can it be maintained, therefore, that there is no kidnapping industry in the country?

[Gallardo] That has not happened because of the intervention of the security forces. Recently, we arrested the leaders of the gang that kidnapped Servio Serrano—a businessman from El Oro Province. We think this is one of the most important bands. In Sucumbios, this phenomenon, which was very common, has decreased considerably.

[EL COMERCIO] The northern border has become an open bridge for travel by criminals of both countries. Where are the controls in that area?

[Gallardo] The controls exist, but they are not very rigorous. If they were greater, we might block tourist and commercial traffic. It is difficult to do both things. But suitable remedies are being explored.

[EL COMERCIO] Sol Rojo has surrendered its weapons. But is not the explosion, a few days ago, of a still

unidentified device near the Petroecuador building, a reemergence of terrorist activity?

[Gallardo] The police are investigating the causes of that explosion. It is still not known whether the can that exploded contained—besides gasoline—some type of explosive. Furthermore, I must point out that the turning in of the Sol Rojo group's weapons represents an important step forward. That does not mean that new terrorist groups will not appear or that some will not become active again under different circumstances.

[EL COMERCIO] A short while ago, four of the 11 persons who were arrested for the Putumayo massacre were declared innocent. The Armed Forces had exhibited them as guerrillas. How can their reputations be restored?

[Gallardo] We arrested them following an investigation. Five of them were accused of being guerrillas and the other six of being collaborators. They were put on trial, and the judge decided to set four of them free. We have nothing to do with that. We do not want any innocent person to suffer injustice, but neither can we leave society unprotected.

CONAIE's Constitutional Reform Proposals Viewed *95SM0057B Quito EL COMERCIO in Spanish 22 Oct 94 p A3*

[FBIS Translated Text] The Confederation of Indian Nationalities of Ecuador (CONAIE) proposes carrying out radical reforms in the Constitution of the Republic, by means of the program it presented last Wednesday [19 Oct] in the National Congress.

Luis Macas, representative of the CONAIE, presented the document to Heinz Moeller, president of the Congress. Macas asked that Congress consider the proposal during the discussion of programs of the executive branch and the political parties, during the series of special sessions.

According to Macas, the purpose of the proposal is to promote national unity through recognition of the Indian peoples.

The president of the Congress said that the representative of the Indians will be invited to meet with the Commission for Constitutional Affairs and, if necessary, with the Congress in full session, in order to present their aspirations.

Since the revolt of 1991, Indian leaders have placed special emphasis on Ecuador's declaring itself a multinational, multicultural, and multiethnic state. This program is an attempt to consolidate these aspirations, which have caused great controversy in Ecuador.

These and other Indian demands were described by ex-President Rodrigo Borja in 1992 as intended to create "a state within a state."

The CONAIE program now requests that the first clause in the Constitution, "Ecuador is a sovereign, independent, democratic and unitary state," be replaced by: "Ecuador is a multinational, multicultural and multilingual country, that recognizes, protects, respects, and develops its cultural diversity."

The reform program presented by President Duran Ballen provides for the recognition of multiculturalism and multiethnicism, but has left multinationality aside. According to the authors of the reform program, this was because multinationality is a concept that does not fit in with Ecuador's national reality.

However, there are other implications, as admitting this term would create profound changes in the structure of the state.

The jurist, Ernesto Alban, analyzing its impact in the book "The Indians and the Nation-State" (Alban, Ernesto et al., Ediciones Abya-Yala, Quito 1993), states: "To admit that Ecuador is a multinational state is not simply a purely symbolic act of adding a phrase to an article in the Constitution. The affirmation would then have to be developed in the Constitutional text itself, with much more specific effects, and then pass into the even more specific field of civil, criminal, procedural, and administrative secondary law. Which would mean, in practice, to revise the entire juridical structure of the country; and not only to give it new content but also to change in many instances the system's philosophical and political foundations, and its orientation."

CONAIE's proposal also asks that Article 2 be modified, so that in addition to Spanish, seven Indian languages, including Quechua, be declared official languages. And the Indians are also requesting changes in Articles 3, 4, 5, and 6, all relating to multinationality.

Another point in CONAIE's proposal asks that the first clause in Article 27 be replaced by: "Education is a fundamental responsibility of the multinational state, official education is secular, intercultural, bilingual, and free at all levels."

With regard to the chapter on political rights, CONAIE asks that the following text be included: "In the territorial jurisdictions of the Indian peoples, from among their members, their representatives in Congress and in local governments will be elected by means of an internal electoral procedure, exclusively for the Indian peoples. Those elected will be direct representatives, without having to participate in general elections...."

The document's introduction illustrates, through constitutional texts, the segregated conditions in which the Indian peoples have lived, and the systematic destruction of their culture.

CONAIE analyzes four constitutions through the use of this method.

The CONAIE document also states: "Our proposal in no way seeks the creation of a state parallel to the existing one, even less the separation of our people."

[Box, p A3]

The Aspirations

Representation - The state guarantees Indian representation, direct and additional, equal to 30 percent of the composition of the National Congress and the local governments.

Voting - Voting is optional.

Security - A basic function of the state is to strengthen multinationality, ensure the effectiveness of fundamental, individual, and collective rights, and to promote the economic, social, and cultural progress of its inhabitants.

Binationality - Ecuadoreans by adoption are: those members of the Indian peoples who share frontier territories, under the principle of reciprocity, according to public treaties.

Development - The state has a duty to promote and develop the economy, principally communitarian.

Autonomy - The Indian communities are autonomous, and community authorities will be able to exercise administrative functions and to apply their own standards as alternative solutions to disputes, in accordance with their customs and procedures.

Paraguay

Defense Minister: Arrest of Generals Legal

PY2211142094 Asuncion NOTICIAS in Spanish 19 Nov 94 p 7

[FBIS Translated Text] Defense Minister Hugo Estigarribia said on 18 November that the arrest of Generals Eumelio Bernal, Evelio Benitez, and Pedro Concepcion Ocampos was a disciplinary sanction that is clearly contemplated by the laws. He challenged "all experts on constitutional matters to participate in a public debate about the issue."

Minister Estigarribia confirmed that the sanction taken on 18 November by the Armed Forces commander in chief, President Juan Carlos Wasmosy, against the three aforementioned generals is legal.

Estigarribia also said that Generals Evelio Benitez and Pedro Concepcion Ocampos still have not been put on the retirement list. He explained that the week before, the Armed Forces Performance Evaluation Panel had only recommended that the two generals retire. He added that President Wasmosy did not sign any decree putting the recommendation into force.

Estigarribia said that even if a military figure retires, he preserves his rank, as established by the national laws to

which the military laws are subordinated. The defense minister said that military personnel only lose their rank when they are dismissed or die. He added that, for this reason, Gen. Bernal's arrest is legal.

Commenting that the punished military officers had allegedly said that they would confirm their words, Estigarribia said that if they do so, they will have to suffer the consequences of their actions.

According to Estigarribia, the reason for the disciplinary sanction was the serious offense against President Wasmosy committed by the three arrested generals. "They charged him with electoral fraud, and this cannot be tolerated. This is why the president had to reestablish discipline and implement the sanctions that are contemplated in the laws," the minister said.

The minister asserted that the three generals' criticism of General Lino Oviedo had nothing to do with their punishment. He concluded by saying that the Armed Forces are united and always obey the orders of their superiors.

Armed Forces, Others Declare Support for Wasmosy

PY2211154494 Asuncion ULTIMA HORA in Spanish
21 Nov 94 pp 2, 3

[FBIS Translated Text] There was a "real marathon show of support" at Government House this morning. The military, Colorado Party lawyers, and Colorado Party political leaders visited Government House to express their support to President Juan Carlos Wasmosy. The first audience was with military commanders and their respective chiefs of staff. They expressed their support for the president and Armed Forces commander in chief for "maintaining discipline" within the military institution.

This act of support was prompted by the president's disciplinary arrest of retired Generals Evelio Benitez, Eumelio Bernal, and Pedro Concepcion Ocampos, who made some comments against the president.

Vice Admiral Eduardo Gonzalez Petit, Military Forces commander, spoke on behalf of his subordinates. He said that everybody knows perfectly well that the military institution is based on discipline and nothing can be allowed to affect it.

"We have a very high opinion regarding the difficult decision you have made because we know your appreciation of all Armed Forces general officers. We understand that you had to put your duty above your personal feelings to punish this breach of discipline and hierarchical respect in the nation's Armed Forces," Gonzalez Petit said.

The vice admiral added that, regrettably, what happened affects the Armed Forces "because it somewhat confuses subordinate officers, noncommissioned officers, and the

military personnel to the point of making them lose confidence in their commanders' authority."

"For this reason, Your Excellency, we, all commanders, have come here to express our support, our decisive support, for your attitude and reiterate once more that we are loyal subordinates and will accept all your decisions," Gonzalez Petit said.

Lawyers' "Support"

A group of nearly 30 lawyers headed by Council of Magistrates member Florentin Lopez Caceres also visited the president during the morning to express "their total support" for his decision to face "the criticism made by the retired military officers who cast doubts on the state of law and the electoral results that made him president of the Republic."

"General" Silence on Wasmosy's Orders

The military commanders who spoke with the president this morning to express their support for his decision to order the disciplinary arrest of Generals Pedro Ocampos, Evelio Benitez, and Eumelio Bernal refused to talk to the press.

According to Government Palace sources, the president asked the general officers to abstain from making any type of statements to the press.

Army Commander General Lino Oviedo, one of the most important officers involved in the affair, avoided the press. Present at Government Palace, besides Oviedo, were Vice Admiral Eduardo Gonzalez Petit, Navy Commander Rear Admiral Carlos Lopez Moreira, Air Force Commander General Cesar Cramer, and Joint General Staff Chief Roosevelt Benitez. It was curious to note that some of these generals, who are usually willing to talk to the press, refused to do so this time.

The three Armed Forces branches' chiefs of staff also talked with Wasmosy. They are Hector Ocampos Diaz (Air Force), Jose Ocampos Alfaro (Navy), and Victor Segovia (Army). The commanders of the 1st, 2d, and 3d Army Corps, Generals Oscar Diaz Delmas, Federico Magno Candia Flores, and Juan Simon Paredes, respectively, also attended the meeting.

People who wanted to express their support to the president continued coming to Government House the rest of the morning. A group of lawyers and Colorado Party precinct leaders spoke with the president after the military left.

They were followed by a large group of Armed Forces retired officers, and, late in the morning, by Colorado Party executive board members headed by party President Eugenio Sanabria Cantero.

Peru

Editorial Criticizes Proposition 187

PY2211221394 Lima EXPRESO in Spanish 16 Nov 94
p A26

[Editorial: "Indecent Proposal"]

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[FBIS Translated Text] The State of California last week approved Proposition 187, for economic reasons. If the proposal becomes law, it will corner the illegal immigrants in that state by depriving them of health services, including emergency services, and education. For example, their children will have to leave the schools where they are studying.

Two principles come into conflict here: democracy on one side, and human rights on the other. The measure is legal. It was adopted in the legitimate and genuine exercise of democracy. But it was adopted at the expense of services that the immigrant children had already been enjoying.

Two other patterns (or trends) of the times also come into conflict here: democracy and human rights as universal values, and the stronger rights of states to restrict foreigners from the rights and benefits of democracy. Can a democracy deny its rights to some people because they were not born in its territory? Aren't democracy and human rights universal principles? Has the state, as a last resort, the right to prevent immigration? Where does a right end and xenophobia begin?

It is true this is a case of illegal immigrants. But they are illegal because the obstacles to legalization are very great. If the problem is economic, the solution would be to legalize the immigrants so that they might pay taxes.

Poll: Fujimori Maintains Lead in Presidential Race
PY2211205694

[FBIS Editorial Report] Lima LA REPUBLICA in Spanish on 14 November 1994 carries a 250-word article on a poll carried out at the national level by Apoyo S.A. indicating that if the elections were held now, presidential candidate Alberto Fujimori would receive 44 percent of the votes and candidate Javier Perez de Cuellar would receive 22 percent of the votes.

The poll also indicates that in case of a runoff election between Fujimori and Perez de Cuellar, Fujimori would receive 48 percent and Perez de Cuellar 37 percent.

Regarding the other presidential candidates, the poll says that Alejandro Toledo of the Democratic Coordinating Movement went from 7 to 9 percent, Mercedes Cabanillas of the American Popular Revolutionary Alliance has 4 percent, and Lourdes Flores Nano of the Popular Christian Party has 1 percent. Alfonso Barrantes Langan of the United Left, Raul Diez Canseco of Popular Action, and Ricardo Belmont of the Obras Civic Movement have 1 percent each.

The poll also reveals that if a runoff election was held between Fujimori and Alejandro Toledo, Fujimori would receive 49 percent of the votes and Toledo 29 percent.

Election Board Rules on Military Voter Cards
PY2211023794 Lima LA REPUBLICA in Spanish
16 Nov 94 p 8

[FBIS Translated Text] Members of the military and the police may continue to own voter identity cards as long

as they are not listed in the voter registries, said Manuel Catacora Gonzales, chairman of the National Election Board [JNE].

The fact that the military and police have these identity documents is not prohibited by the 1979 or the 1993 constitutions, he added.

These men may use their voter identity card for any purpose, such as getting married, but not to vote or become a candidate.

The JNE chairman reported that a military group from the Joint Command has been coordinating with Electoral Registry Chief Anibal Quijada on how to make the necessary corrections to the voter registries to eliminate the numbers and names of the voter identity cards of military members and policemen who obtained them for security reasons.

One of the possibilities is to use the diskette mechanism like the one used to correct the lists of signatures to register the presidential candidates, which will also be used to correct the list of signatures for registering congressional candidates.

To this end the Joint Command and the National Police would give the JNE their own diskettes filled with the necessary information, so that through a computerized system the JNE can make corrections to the voter registries.

The JNE will not ask for the return of the voter identity cards, Catacora said.

The military and policemen may continue to carry them.

Catacora pointed out that according to both the 1979 and 1993 constitutions an individual may obtain a voter identity card once he legally comes of age at 18.

The Constitution does not say that the members of the military and policemen cannot obtain them, although they are prohibited from voting while they are on active duty.

As for the draft bill presented by the JNE that establishes the actions of the president of the Republic when he runs for reelection, Catacora admitted that it has many voids, but added that as it is a draft bill it can be modified, extended, and improved.

He agreed in principle to extend the bill to congressmen and mayors, in case they run for reelection, as was suggested by some members of the governing majority.

Catacora said that the term "political campaign," which is not very clear to some people, is related with concrete facts in which the JNE, as an electoral judge, must express an opinion.

Asked whether the distribution of almanacs with the president's picture by President Fujimori could be considered a political campaign, he answered that the JNE should analyze it, in case a complaint on the subject is filed.

Catacora said that the JNE will remain alert to detecting any fraud attempt that may turn up during the electoral process.

He said that considering the way things are developing, it will be very difficult to commit fraud.

He said that the appropriate measures are being adopted to ensure the reliability of the elections.

The bill presented to Congress is one of these measures, he said.

He also reported that a public bid will soon be called for the installation of vote tallying systems in the 47 provincial electoral courts in the country.

National Counternarcotics Plan Detailed

PY2211201494 Lima EL PERUANO in Spanish 15 Nov 94 pp A6-A7

[FBIS Translated Text] In our antidrug policy, 3 October is a historic date. It is the date on which the National Plan for the Control and Use of Drugs was launched. The document reasserts Peru's political willingness to undertake an all-out war on drug trafficking and drug-related crimes.

Between 1970 and 1990, narcotrafficking activities grew by incredible proportions. The size of the plantations, the hiring of labor in view of the profits obtained through trafficking—which undoubtedly far exceeds those obtained in any other activity—the narcoterrorist violence, and the well-established corruption network compelled the authorities to adopt urgent measures.

Fujimori Doctrine

Aware of its responsibilities in facing a problem that extends beyond our borders, yet without overlooking the socioeconomic situation of Peruvian peasants who farm coca, the Peruvian Government has structured a multidisciplinary strategy with specific objectives. Peru is the biggest coca producer in the world. The plantations total about 200,000 hectares, and 68 percent of coca plantations are in Huallaga and Aguaytia (in Ucayali department).

The other plantations are located in La Convencion and Lares (Cusco) and Apurimac, from where the "firms" have recently withdrawn in view of the drug enforcement program.

The coca farming labor force at the national level totals 200,000 families. For the most part, these families began coca farming—even though it is an illegal activity—to survive because they lacked an economic alternative.

In the past few years, however, coca peasants have shown interest in participating in coca replacement programs.

Faced with this, the "Fujimori Doctrine" basically proposes alternative development programs, the registration of properties, and the decriminalization of coca farming.

In legal terms, the coca farmer will not be considered part of the drug trafficking chain but a valuable ally to eradicate this evil at its root.

Alternative Development

The current National Plan for the Control of Drugs and Drug Use, which includes alternative development as one of its priorities and which will be enforced between 1994 and 2000, will be used.

The main objective of the plan is to encompass, by 2000, at least half of those involved in illegal coca farming. The government will develop a land registration program and finance new credits for agricultural credit programs.

It will improve domestic marketing mechanisms, prioritizing road construction programs through agreements between the government and production organizations to promote alternative development programs.

Implemented Programs

An example of this is the Upper Huallaga Special Program [Programa Especial Alto Huallaga] (PEAH), which covers 4 million hectares. This year it is operating with a budget of \$5 million allotted by the Treasury, without international support.

The PEAH works to update property titles and to open the Tocache-San Martin stretch of the Marginal Highway, which will connect the southern region of this department with the central region.

The road construction program is of vital importance for the development of these towns and for the success of the alternative development program because it will open new markets.

The PEAH has already promoted the farming of cacao, yucca, plantain, vervain, coarse fiber cotton [algodon aspero], naturally tinted cotton [algodones de colores naturales], and achiote [a medicinal bush whose extract is used industrially]

For 1995, there are plans to farm indigenous plants like palm hearts and camu-camu (which has six times the vitamin C of oranges).

The Control and Reduction of Coca Farms in the Upper Huallaga (CORAH) is program being implemented. Another program that has been implemented since 1992 is sericulture and the farming of mulberry bushes to breed silkworms.

International organizations have also financed alternative development programs.

Between 1985 and 1993, the UNDP for the Control of the Legal Use of Drugs (UNDPFID), has invested \$27.445 million. Of this, 44 percent has been invested in the La Convencion and Lares valleys. This region encompasses a total of 35,000 hectares, of which 10,600 hectares are planted with coca for drug trafficking.

UN technical assistance has promoted the organization of coca farmers committees in the region. They have farmed and harvested 4,500 hectares of coffee; 1,000 hectares of cacao; 600 hectares of achiote; 200 hectares of cochineal [as published], and 400 hectares of other crops.

Interdiction

Drug enforcement has yielded positive results. The Executive Agency for Drug Control (OFECOD) has stated that since 15 August 1991 a total of 31 metric tons of drugs have been seized and 16,185 persons involved in trafficking activities have been arrested.

A total of 121,507 kg of precursors were seized between January and August 1994. Moreover, 30 maceration pits and 23 clandestine landing strips were destroyed.

OFECOD reports that between January and July 1994, a total of 9,713 kg of drugs were burned. Of this, 9,229 kg was cocaine paste, 89 kg was cocaine hydrochloride, and 394 kg was marijuana. OFECOD adds that 56,260 hectares of coca were destroyed during the CORAH project between 1987 and 1993.

The System

A National Plan for the Control of Drugs and Drug Use will be drafted. It will be used to project, program, coordinate, and implement all drug enforcement actions against trafficking.

It is subdivided into subsystems for the control and interdiction of drug production and trafficking; money laundering and transfer of funds; arms and explosives smuggling; and the establishment of an information network to centralize all official information.

Consensus Plan

Experts believe the importance of a National Plan for the Control of Drugs and Drug Use lies in the capitalization of efforts to eradicate drugs.

This document is of an informative nature, but it is of enormous political importance because authorities are now compelled to work together to achieve its goals and objectives.

Luis Lamas Puccio, a member of the interdisciplinary team that drafted the plan, urged the participation of all involved sectors in its implementation and development, to guarantee its continuity.

He said: "This plan demands a national effort. It should not be used as an exclusive political tool or identified with the ruling political party. In view of the studies and proposals encompassed in it, this plan should be implemented no matter what government is in power."

Prevention, A Key Factor

Prevention is an important aspect of the National Plan for the Control of Drugs and Drug Use. The diagnosis in

the study notes that the institutional and legal framework is not commensurate with the current situation.

In Peru there are currently at least 250 institutions working with about 150,000 drug dependents. There is no registry of the number of drug dependents or registries to indicate the level of dependency.

The National Plan seeks to establish an overall drug prevention program based on full epidemiologic studies that will not only meet academic needs.

It will establish citizen participation mechanisms for all sectors; institutions, private organizations, the Church, grassroots organizations, etc.

The Education Ministry currently implements the prevention program through the Undue Use of Drugs Technical Prevention Committee (Copuid).

Although drug prevention programs have been characterized by their splintering, division, and lack of main objectives, Copuid is training high school teachers to inform them about the dangers of drug consumption.

Copuid currently relies on Treasury resources, which prevents it from having an infrastructure that fits its needs.

Decisive Assistance for Peru

U.S. economic assistance for drug enforcement has varied considerably, before dropping significantly this year.

This happened even though—according to the United States—Peru produces 60 percent of all the coca in the world and is responsible for supplying 80 percent of the U.S. market.

For the 1994 fiscal year, the U.S. Government has allotted \$8 million to be channeled to Peru through the Narcotics Department. In 1993, this allotment was \$17.5 million. This was a substantial increase of what was allotted in 1992 (\$12.5 million). Undoubtedly, the new U.S. administration changed the antinarcotics policy: Clinton's administration reallocated the drug aid.

Sherman Hinson, the U.S. Government adviser for narcotics affairs in Peru, has said there is a desire to continue U.S. aid to coca producing countries on the best of terms.

The amount of U.S. antidrug economic aid, however, depends on the priorities for next year to be determined by Congress.

The requested budget for Peru's 1995 antidrug aid totals \$42 million. Among the priorities mentioned by Hinson as probable causes for the drop in aid, is the offer of assistance to other Latin American countries, like Haiti.

Hinson said the U.S. sponsored alternative development program will continue.

Alexander Watson, the U.S. under secretary for Latin American Affairs—who visited Peru last week—reasserted his government's support for the efforts Peru is making.

As a sign of goodwill, he granted \$10 million on behalf of the U.S. Government for an alternative development program in Upper Huallaga.

Watson said the agenda of the Summit of the Americas, to be held in Miami from 9 to 11 December, includes the drug enforcement issue and will seek to draft a strategy at the continental level to fight the scourge.

Plan Criticized

95WD0061A Lima REPORTE ESPECIAL/DESCO in Spanish Sep 94 pp 8-10

["Summary" of interview with Congressman Julio Castro, Congressional Oversight Committee, by David Montoya; place and date not given: "Counternarcotics Policies: Little Practical Application"]

[FBIS Translated Text] Recently government spokesmen announced the approval of the National Counternarcotics Plan. David Montoya of the Information Division of the Center for Development Studies and Promotion (DESCO) interviewed Congressman Julio Castro Gomez, who expressed his opinions on this measure and other aspects of the drug trafficking problem. Here is a summary of his statements.

Another Declaration of Principles?

"People have expressed surprise that the agency responsible for drug enforcement, the Executive Office of Drug Control in the Interior Ministry, has not been more involved in the drafting of the plan. It is therefore feared that the experiences of the agencies directly involved in the matter have been ignored, and that like the previous plans, this will turn out to be a mere declaration of principles without taking concrete action."

Agreements on Paper

"The drug policies carried out so far have not achieved their objectives. Formally, there have been top-level meetings among the countries involved in the drug problem, and agreements have been reached to wage a joint struggle. There is talk of an integral approach that will not abandon interdiction, but will seek prevention policies in the consumer countries and alternative development policies in producing countries. These commitments are made, but there is no practical application, and the problems associated with drug trafficking persist."

"The counternarcotics agreement between Peru and the United States speaks of the need to promote alternative products in the jungle fringe [ceja de selva] and jungle areas through trade pacts that will provide price supports for farmers. The agreements say this, but in practice it

has not been done, and in recent years there has been a deterioration in the terms of trade for these products."

Dashed Hopes

"The alternative development proposal raised great hopes in Peru, and farmers supported it. But it has not been applied. They have been disappointed once again, and there is increasing skepticism about the government's promises. The problem is very serious if we take into account the country's economic situation and the problem of violence."

"One obvious example is what is happening in the valley of the Apurimac River, a very attractive place for drug traffickers. The entire valley economy is dependent on coca leaf. Farmers are organized and closely linked to the antismuggling patrols, and these, in turn, are linked to the drug trafficking organizations. A policy of mere repression that cracks down on the drug traffickers but does not include a development policy for the area creates fertile ground for social violence. The people may associate the patrols with drug trafficking, and the remnants of the subversive movement could take advantage of that situation. The Apurimac River Valley urgently needs an integral development policy that will draw on the experiences of the Alto Huallaga Special Project, Tingo Maria, Codeva, etc."

On Palmapampa

"Eleven of the 14 airports in the area have been destroyed. In that region there was practically a landing strip every 10 kilometers. Every month, 50,000 gallons of kerosene and tonnes of sulfuric acid were diverted, which means that drug trafficking activity was very intensive in the area. But the measures were not strong enough. The drug traffickers have sufficient means to recover from these actions. The only effective measure is to change the economic and social conditions in the region."

Poppy as Threat

"The areas that are appropriate for the cultivation and production of poppies in the country have already been identified. They are the provinces of Cajamarca and Amazonas, the mountain provinces of La Libertad, Ayacucho, Huancavelica, and the department of Apurimac along the Apurimac River. In all of these areas, there should be an aggressive program to improve social and economic conditions. Otherwise, the jails will fill up with peasants induced to produce poppies."

"What the new legislation has done is order the destruction of crops and penalize those who grow them. This could also lead to violence in the countryside. We must take preventive action, and naturally, all of this requires financial resources. That is where the commitment and cooperation of the consumer countries appears to have been coopted [mediatizada], because what little funding they provide does not reach the country."

Corruption

"Between 1980 and 1993, 13 years of struggle against drug trafficking, 320 law enforcement officers were prosecuted, about 30 per year. Of those 320 officers, approximately 240 were in the National Police, 60 in the Army, and the others in either the Air Force or the Navy. That is as of March 1993. In the last few years, when the Armed Forces came in after the antisubversion struggle, several cases have been reported in which members of the military and the police have been implicated, so the number has gone up."

Repression

"From my point of view, the police should be in charge of the fight against drugs, although they have many problems. It was not enough to establish a single drug enforcement unit in 1992. They need a more specialized effort and more intelligence work, as well as measures to fight corruption in the National Police itself. What we must do is support the police so that they can overcome these problems, not simply replace them with the military. The Armed Forces should play a role in this struggle, but should not participate directly; they should support the National Police. In both cases, the conditions under which they are operating must be improved. In addition to better technical training, there should be adequate material resources to carry out the struggle. Because the drug traffickers have a great capacity to corrupt."

Industrialization of Coca

"We must think in terms of integral responses, like the possibility of using coca leaf for legitimate purposes, especially beneficial, medicinal uses. Bolivia has taken important initiatives in this regard. They have made the renewed appreciation of the value of coca leaf a national cause, despite fierce international opposition. There is a battle to be waged, and it includes getting coca leaf taken off the list of controlled substances in the Vienna Convention."

Tijero Case and Dinandro Irregularities

"Mrs. Carmen Delgado de Rivera is not a DEA agent, but she has collaborated with the DEA on matters of drug trafficking and police corruption. This is confirmed by DEA officials who have worked with her. The response given by the DEA official to questions from the chief of Dinandro is very specific. He was asked if she is an agent, and he has said no. Clearly it is the DEA's practice neither to admit nor to deny that individuals are informants."

"The important thing is that the accusations she has made must be investigated. These accusations are, first of all, that important documents have disappeared, such as passports and drivers licenses and datebooks in which Tijero's associates were named and payments were recorded."

"Secondly, that although Dinandro was asked to intervene quickly to investigate a seven-tonne shipment of basic coca paste (PBC) in Pimentel, it did so after seven days, and nothing was found."

"Thirdly, that Tijero has received special treatment during his questioning by Dinandro, which even included letting him leave that institution on Sunday 28 August."

"And finally, it is alleged that it was the assistant director of the Migration Police who gave Tijero Guzman blank passports so that he could use them on his trips out of the country."

"These allegations must be investigated, and the police are wrong to try to discredit the source of the accusations by saying that she is not a DEA agent and has a criminal record, and even including her in drug trafficking charges filed with the court. These allegations must be investigated because this woman was the one who drove to Dinandro and participated in the intervention against Tijero. We are currently investigating this matter in the subcommittee of Congress, the Public Ministry is investigating, and so is the National Police Inspectorate."

Peruvian Cartel?

"Every day we see more and more evidence that the various groups of drug traffickers are linked: Lucio Tijero to Luis Molqui Cardenas, and both to 'Vaticano' and a number of firms in Alto Huallaga."

"The fact that the Democratic Constituent Congress (CCD) decided not to form an investigating committee in the 'Vaticano' case and that it sent the matter to its task force, which has less clout than an investigating committee, indicates that it did not understand the magnitude of the problem."

Difficulties With National Intelligence Service

"According to my information, the Intelligence Service formed a special group in 1992 to combat drug trafficking. It appears that Vladimiro Montesinos himself is at the head of this group. What business does the Intelligence Service have forming a kind of investigating committee on drug trafficking? What we know is that the Intelligence Service's follow-up on drug trafficking is used for political purposes, and the information is not normally turned over to the police. There is cooperation, but it is very sporadic, and besides, there is mutual distrust of the information. When the political situation is different, a more thorough investigation should be done to find out what role the Intelligence Service is playing in all this."

Weekly: Drug Trafficking Controls 'One-Fifth' of Peru

PY2211224794 Madrid EFE in Spanish 2130 GMT
21 Nov 94

[FBIS Translated Text] Lima, 21 Nov (EFE)—According to today's issue of the weekly SI, the power of drug

trafficking in Peru—which is based on money, force, and intimidation—controls one-fifth of the national territory and the life and activities of 1.2 million people.

The drug traffickers, who have formed eight cartels in Peru, receive almost \$1 billion for sending about 290 tonnes of semirefined cocaine out of the country. They also have 214 clandestine airfields in the Peruvian jungle.

The 40 main drug traffickers of the country control 90 percent of cocaine production, and to some extent have replaced the state in a large part of the Amazon region, says the publication.

In the face of this situation, says the weekly, the military officials, policemen, prefects, mayors, and other institutions have only two choices: "either live with the 'firms' (gangs) of drug traffickers, or fight them."

The weekly adds that the results of the fight against the "firms" have been meager: In 1993 only 1 percent, or 8 tonnes, of the drugs produced were seized, which is similar to the previous five years.

The article adds that for the past 20 years the figure of the drug trafficker has "inspired a respect and fear similar to that engendered by feudal lords."

In addition to that, the drug traffickers are characterized by great generosity, giving lavish parties, supporting sports clubs, building parks in towns, and acting as benefactors in baptisms and weddings, which strengthens their position as authentic "godfathers."

Entire settlements march "in time with the great drug mafias" such as "Mosca Loca" or "Vampiro."

The weekly SI adds that the military and police forces "adopted a long time ago a double standard: coexisting with drug trafficking, and at the same time cooperating with the antinarcotics operations."

The report also says that the military, "more than being seduced by the power of money, first yielded to helplessness and then to ambition."

The drug traffickers, who despite their strength consider themselves vulnerable, buy their safety through bribes where they operate, and keep a bag with \$100,000 to buy their release if they are arrested.

The weekly also says the drug traffickers had to reach an agreement with the Shining Path leaders, who fixed the prices of coca for the peasants. The report adds that in 1987 four types of coca were established, according to quality, with prices ranging from \$800 to \$1,200.

The article also gives details on how policeman and the military are paid for each flight carrying drugs, and how the money laundering is done by those in the service of the "firms."

All the drug traffickers form a large family, and instead of fighting among themselves, they unite for their own survival and for that of their Colombian bosses.

The Lima daily EL COMERCIO also says in today's issue that the flights of Colombian light airplanes in the Peruvian jungle have increased by 20 percent in the last few days.

According to the report, the flights are increasing because the Colombian drug traffickers are piling up drugs, fearful that the United States may reinstall the radars used for checking the flights, which were withdrawn last May.

But EL COMERCIO also says that the Peruvian Defense Ministry and the U.S. Southern Command in Panama have not yet reached an agreement for the installation of the radars or for the operation of the "Orion" and "AWACS" airplanes.

Human Rights Prosecutor's Offices Reactivated

PY2311023994 Lima EXPRESO in Spanish 17 Nov 94 p A7

[FBIS Translated Text] The official gazette EL PERUANO yesterday published Law No. 26387 reestablishing the special prosecutor's offices for the defense of the public and of human rights, subordinate to the Attorney General's Office.

The single article of the law states that these special prosecutor's offices will operate until the Ombudsman's Office, which is an autonomous government organization instituted by the Constitution, is installed and begins operating.

The Attorney General's Office reported that the special prosecutor's offices for the defense of the public and of human rights were created in 1989, during the administration of then Attorney General Manuel Catacora Gonzales, and at the beginning they operated only in Lima.

Supreme Court Assistant Prosecutor Clodomiro Chavez Valderrama coordinated the work of the special prosecutors, and over the years opened new offices in Piura, Chiclayo, Trujillo, Ancash, Arequipa, Junin, San Martin, Huancayo, and Apurimac Departments.

Other departments, such as Cusco, Amazonas, Loreto, and Tacna, had offices that defended human rights exclusively and filed charges. These prosecutor's offices operated on a regular basis until December 1993, when they were deactivated.

In June 1993 the government issued Supreme Decree No. 36-94 [as published] establishing a new organizational structure for the Attorney General's Office. The special prosecutor's offices for the defense of the public and of human rights were eliminated, and their magistrates and employees were relocated to the new attorney

general's offices for children and adolescents and to other departments of the Attorney General's Office.

Once the decree was promulgated, a meeting of Supreme Court prosecutors was summoned to define the manner through which the decree would be implemented, especially the problem regarding the lack of personnel.

"The Attorney General's Office is currently operating with the minimum personnel possible, and the reactivation of the special prosecutor's offices over the entire country represents a considerable effort that must be carried out with existing means and human resources," a spokesman said.

Uruguay

Presidential Candidate Volonte Addresses Nation

PY2211181494 Montevideo EL PAIS in Spanish 17 Nov 94
p 7

[FBIS Translated Text] In a message transmitted last night on radio and television, Alberto Volonte—presidential candidate for the Herreraist Wilsonist Convergence and the National Proposal factions of the National Party—promised the Uruguayan people he would govern "without the haughtiness" or the "selfishness" that has so badly harmed the country, that he would use "tolerance" and "dialogue" as the basic elements for achieving a full working nation for the next century.

Volonte recorded his message in the city of Rivera shortly before departing for Artigas, on his political campaign. He began by thanking the television crew "for generously giving us these minutes to communicate with each one of you throughout the country, and for covering this moment when we stopped to talk with you all."

He added: "The media has done a formidable job in broadcasting the ideas and thoughts of all the candidates." He then wondered if there is a single Uruguayan citizen who does not know what [former President Julio Maria] Sanguinetti [of the Colorado Party Batlleist Forum faction] or [former Montevideo Mayor Tabare] Vazquez [of the Colorado Party Batlleist Forum faction] "think of the country."

He said: "Everyone knows how Vazquez imagines Uruguay will be in the future: But, who among us does not also view the way the country will be...." adding: "As we near the elections, at least Uruguayans all know what each candidate thinks and what they propose in their government platform, in their plans for the future. It is a fact, we have no doubt about it!"

Volonte said: Over the past 40 years, Uruguay has been "engaged in a great confrontation. That confrontation perhaps stems from a lack of hope. The end of World War II meant the end of certainty for Uruguay, and when there is no certainty society becomes worried and confrontations begin."

Volonte said the political world has become a kind of boxing ring in which the Uruguayan people "look for the best fighter. Whenever there is a fight, we all know there must be a winner and a loser. [no closing quotation marks as published] He said Uruguayans who failed to understand this philosophy became the prisoners "of those fights that have led us nowhere."

Volonte said nobody can deny that during the administrations of Sanguinetti and [President Luis Alberto] Lacalle, the country has had good government plans and teams that supported them. He then asked the public if those plans and teams have "solved the main problems" facing Uruguay. He said there are still some pending subjects, like the reforms of the state, social security, and education.

In direct reference to education, Volonte said there is a need for "a modern education system that really considers today's world, in which education prepares the young for an attractive yet tricky labor market."

He said: "For these important subjects" there have been good plans, good solutions, and good projects, yet "it is all at a standstill."

Volonte said that at the beginning of the electoral campaign he and his vice presidential candidate Alvaro Ramos contacted the PIT-CNT [Inter Union Workers Plenum-National Workers Convention] "which concentrates the labor forces." He said that after lengthy talks with labor leaders in a frank and open manner, they left hopeful of "a PIT-CNT willing to become an instrument of cooperation within society." Volonte also mentioned the visit to the university where "the largest national concentration of knowledge and intelligence can be found."

He added that he and Ramos visited all the main protagonists of Uruguayan society (business chambers, Rural Federation, Rural Association, Federated Agrarian Cooperatives, Industry Chamber, Commerce Chamber, Financial Association) from whom they received "willingness to face the great hope together."

He said that Mercosur [Common Market of the South] cannot be faced through confrontations. "We can only face it jointly, with the good government plans and teams, which are available to us," to which we must add harmony and understanding. He added that this is why he always rules out the use of insults.

He also rejects blind obedience as a way to attain "grandeur" and "patriotism;" instead he wants political parties to choose their very best, not those named as a result of power quotas defined in "electoral arrangements."

Volonte reiterated his will to cooperate with whoever wins the elections, even if it is not him, without the haughtiness or selfishness that has harmed the country.

He urged the people to reject haughtiness and selfishness. He asks them to become more tolerant and to use dialogue as a way to express ideas—which is what really matters for the country.

In this way, he said, Uruguay will enter the next century “fully functional.”

Volonte ended his message by making an appeal for national harmony and understanding, promising to help the Uruguayan people find themselves, not just as of 1 March [1995, presidential inauguration day] but on 28 November, the day after the elections.

Russian Helicopter Factory Opens in Duty-Free Zone

PY2111145494 Buenos Aires TELAM in Spanish 1946 GMT 18 Nov 94

[Quotation marks as received]

[FBIS Translated Text] Buenos Aires, 18 Nov (TELAM)—The Russian enterprise that sells Kumertau Ka-32 and Ka-27 helicopters in Latin America has just chosen the Florida duty-free zone, in Uruguay, as the place where it will assemble the helicopters that it will sell in the region, especially within Mercosur [Common Market of the South].

The enterprise said it would be impossible to fly the helicopters to the region or to import them assembled from the main assembly plant in the Ural mountain zone, because freight costs would be prohibitive.

George Bitar, commercial manager of Imaribo S.A., [not further identified] told TELAM: “While searching for a suitable location, we considered the fiscal advantages of various duty-free zones, and also the possibilities in each country for approving Russian flight licenses and for changing nationalities.”

Imaribo S.A. is not the first representative of the sector to settle in Uruguay: Helibras—a joint venture between France's Aeroespaciale and the Brazilian Government—manufactures helicopters in Minas Gerais, but its financial and commercial headquarters are in Montevideo.

Jitar explained: “Argentina and Brazil, where big U.S., British, and French companies assemble helicopters, have bureaucratic restrictions on licensing helicopters built in other countries.”

Uruguayan Luis Calachi, the president of the duty-free zone, said: “Florida has been chosen by this Russian helicopter factory, and by other Russian manufacturers (of motorcycles, watches, etc.).

Uruguay's duty-free zone law specifies that 75 percent of the personnel working in any activity within duty-free zones must live in the country.

The enterprise obtained temporary authorization for the Russian technicians who will assemble the helicopters, which takes a team of seven technicians five days to complete one helicopter.

Th Ka-32 is built in Russia by the Kumertau Aircraft enterprise. It is the civil version of the Ka-27, a military helicopter of great versatility and power.

During a demonstration in Uruguay, a Ka-32 lifted and carried a seven-ton fire department truck. This means the helicopter is suitable for forestry, petroleum, or open-cast mining work.

The Ka-32 can fly at 250 km per hour, has a range of four and a half hours, and a computerized guidance system.

Jitar said negotiations with the Peruvian Armed Forces, which have long experience in the use of Russian-made military equipment and which want to buy three units, are at an advanced stage.

He reported that the Argentine and Uruguayan Governments are also interested in the helicopter.

The main obstacle, Jitar said, is “to obtain a financial agent operating at a continental level, with whom we might sell the helicopters with long-term financing at reasonable interest rates.”

Venezuela

Deputies Propose Diplomatic Offensive Against Colombia

PA1811191794 Caracas Union Radio Network in Spanish 2200 GMT 16 Nov 94

[Report by Cecilia Cayone; from the “Union Radio News” newscast]

[FBIS Translated Text] The Chamber of Deputies Foreign Relations Commission has proposed that the government launch a diplomatic offensive against Colombia to stop attacks in the border area. Deputy German Monzon, president of the Foreign Relations Commission, has said the proposal was a result of the trip commission members made to Apure State, where they saw the critical situation at the border area as well as the lack of compliance with the binational agreements:

[Begin Monzon recording] The objective is to get Colombia to respect the Venezuelan border. We saw that Colombia is being used as a base for irregular forces, call them guerrillas, drug traffickers, or common criminals. Those individuals raid Venezuelan territory, steal vehicles, and demand protection payments [vacuna] from our producers and merchants. Thus, the border is simply the line to gain impunity. They pass to the other side, and nothing can be done to them. [end recording]

The deputies will continue studying the border situation and are planning to travel to Amazonas State in the near future.

Accord Reached With Colombia To Bolster Security

PA2211160794 Caracas EL GLOBO in Spanish 19 Nov 94 p 7

[Report by Laura Weffer Cifuentes]

[FBIS Translated Text] The meeting held Friday [18 November] in Puerto Ayacucho was beneficial in the sense that it served to recognize the tense situation between Venezuela and Colombia. The defense and interior ministers pledged to exert all possible pressure to prevent a repetition of guerrilla attacks and the lack of security, which has been commonplace up until now. The bilateral meeting on Wednesday [as published] was attended by both countries' defense and interior ministers and the commanders of the Armed Forces, as well as border-state governors.

Colombian Government Minister Horacio Serpa said: "We also are victims of drug trafficking and guerrillas. We are suffering from the scourge as well." Serpa said this in reply to the suggestion that his government might be downplaying the danger of armed groups infiltrating the border region. In fact, Serpa highlighted that his country's president expressed on Thursday the possibility of renewing talks with the guerrillas.

Interior Minister Ramon Escovar Salom referred to the meeting as an opportunity to once and for all admit the fact that the situation is extremely delicate. He said, "What we need is to increase surveillance, under the assumption that the crime hurts Venezuela."

Another fear voiced during the session was that nothing further would develop following the meeting. In the face of this concern, Escovar promised that other follow-up meetings would take place. In fact, General Rafael Montero Revette will travel to Santa Fe de Bogota next week to discuss the possibility of joint border patrols with his Colombian counterpart. This possibility was strongly denied at Friday's meeting.

Another topic discussed was car theft, a subject about which Colombian representatives said lawmakers had approved related legislation at a first debate.

Regarding the transfer of inmates from Colombian to Venezuelan jails, Ramiro Bejarano, director of the Administrative Department of Security, said that although this has been proposed before Congress, the debate has not yet gathered momentum.

Colombian Defense Minister Fernando Botero reiterated that his nation fully intends to work out joint efforts to ensure that the Colombian border becomes a zone of peace. He also said that so far the attacks have not been of such magnitude to be considered part of an international conflict. In fact, to underscore this, it was learned that the defense ministers did not attend the meeting of foreign ministers.

In conclusion, the issue of Larry Tovar Acuna [suspected drug trafficker sought on drug-related charges by Venezuela] was discussed, and Serpa explained that, in order to begin the extradition process, all that is needed is the exchange of appropriate documents.

In general terms the meeting was held under an atmosphere of tension, even though both sides were satisfied with the results:

1. The Colombian Government acknowledged the harm posed to Venezuela by Colombian guerrilla actions and violence by other individuals.

2. Representatives from both nations acknowledged the negative effects that such incidents have on the ongoing economic integration process, which is a top priority for both governments.

3. Both nations contended that the already existing agreements on border issues should be implemented quickly. In this regard, the Venezuelan delegation was pleased to receive information provided by the Colombian government minister on the status of the Colombian Congress' debate of the agreement on detection; recovery; and return of land, water, and air transportation vehicles.

4. Both sides agreed that cooperation between the two governments is indispensable to control the immigration flow and to protect Venezuela from problems brought about by the lack of effective controls.

5. The representatives of both governments acknowledged the urgent need to act promptly to increase surveillance in their respective territories to guarantee effective security.

6. The ministers expressed their intention to make the border region an area of peace and trust to benefit both nations and their border populations.

7. They agreed to standardize and increase contacts and direct communications between both governments in an effort to secure the shared objectives included in this document.

8. They agreed to coordinate, with practical criteria and tangible short-term results, actions to combat the problems of kidnapping, cattle rustling, drug trafficking, and other crimes.

9. In this regard, it was agreed that in the coming weeks the defense ministers would hold a meeting in which they would agree on and define specific military actions, as well as other issues, including:

A. The establishment of points of contact for the coordination and implementation of actions from the ministry level down to the local level.

B. Cooperation in the exchange of information.

C. Coordinated patrols between the Armed Forces.

D. Creation of an information network on cross-border crime.

Minister: 3 Army Battalions Dispatched to Border

PA2311012894 Caracas Union Radio Network in Spanish 2200 GMT 21 Nov 94

[FBIS Translated Text] Defense Minister General Rafael Montero Revette has reported three Army battalions have been dispatched to the country's various border

areas. He has said Venezuela must preserve its sovereignty despite the attacks by Colombian guerrillas. He also has reported he is scheduled to meet with the Colombian defense minister in Santa Fe de Bogota to discuss joint operations on both sides of the border, at sites where there are communications between the two commands.

Caldera Cited on Cause of Bank Crisis

PA2311043494 Caracas REPORTE DE LA ECONOMIA in Spanish 21 Nov 94 p 4

[Report by Yeleiza Cayama Mejias]

[FBIS Translated Text] President Rafael Caldera has said "the lack of ethics of the so-called financial engineers was probably one of the main causes of the huge systematic crisis in Venezuelan banks that has cost us so much and the cause of the errors for which we are still paying the consequences.

Caldera spoke at the inauguration of the 12th Venezuelan Congress of Engineering, Architecture, and Similar Professions, held at a hotel in Caracas.

Caldera has said experts in this new engineering field have caused the fall of several enterprises that were part of the Venezuelan financial system, which collapsed as a "house of cards" under the effect of Banco Latino's downfall, which uncovered the dramatic situation of the banking system.

Many presidents, directors, managers, and other executives responsible for designing policies in the financial institutions that are now intervened belong to that group of new engineering experts. Using their financial knowledge, those unscrupulous executives created an accounting system that collected funds from the public, which trusted the institutions managed by this minority of unethical professionals.

Many Problems

Caldera admitted "there are many engineering problems affecting Venezuela." He said the current highway problem is alarming, because "the current condition of the roads in most Venezuelan states is worrisome. A clear system for distributing responsibilities between the central government and decentralized states has not been established."

He has recognized the country is facing great difficulties at present. "We are living in a transition period during which the devaluation of our currency has reduced the value of real salaries. He added it is difficult to reach a balance in this area without falling into the dangerous vice of indexation, which business sectors have emphatically rejected when dealing with salaries."

Caldera has said "those same business groups are more insistent when indexation is related to prices and tariffs of public services."

In view of this situation, he added, we must "seek a just and reasonable balance, which is difficult to achieve."

Public Expenses Increase

"We are facing times when public expense figures are increasing excessively. Meanwhile, the national budget leaves very little space for the government to act." More than 30 percent of the budget is assigned to service the foreign debt, 20 percent for constitutional commitments. Most of those funds are earmarked, however, to pay the payroll of the ministries, an action which causes serious difficulties to the administration, but workers cannot be dismissed, because it would worsen the country's economic situation."

The government, according to statistics from the Central Personnel Office, has more than 800,000 employees, while public administration in the states and municipalities have more than 400,000. This figure is growing with the multiplication of municipalities as a result of decentralization.

"This point entails salaries that must be increased, because the demands from the various government branches demanding wage increases is perfectly legitimate."

Caldera asked Venezuelans to contribute with their best efforts to resolve the current crisis the country is facing.

"We cannot go on with the system of subsidies derived from the increase in the price of oil; we must seek real changes based on a serious evaluation of the situation."

Caldera Addresses Chamber of Commerce

PA2111130894 Caracas Venezolana de Television Network in Spanish 0145 GMT 20 Nov 94

["Summary" of speech by President Rafael Caldera marking the 100th anniversary of the founding of the Caracas Chamber of Commerce, in Caracas on 19 November—recorded]

[FBIS Translated Text] I have always defended economic freedom. Proof of this are my university teachings and the speeches I made during a very intense political life [words indistinct] a long time ago. But I have also always defended the need not to ignore, but rather demand the role of the state and public sector within the economic activity.

I believe in the market, but I believe the market also needs the presence, activity, and sometimes the protection of the state. The crisis of the Venezuelan financial system, which according to some has been one of the most serious or perhaps the worst in the world in proportion to our GDP and our population, was not the result of state interference. We must recognize that this crisis resulted from the absence of the state in the observance of its obligations of control, vigilance, and orientation of something so delicate and so important for the country as the banking system.

Consequently, today the very banking system [words indistinct] the country, on which we are imposing norms, criteria, regulations, which are sometimes hard and painful, but that will guarantee the correct functioning of such an important institution for the country.

The spokesmen of that banking sector know...[pauses] they demand that the state assumes its obligations fully. They demand that the General Bank Superintendency does not become a bureaucratic organization, but an efficient, responsible, and capable entity that oversees, demands, and imposes sanctions when necessary. This should be done to defend not only the interests of the public, which approaches them in good faith, but something even more important, in the defense of public confidence.

One of the most serious problems we have confronted has been this lack of confidence. It prompted us to adopt exchange control measures, because having every instrument to conduct exchange transactions efficiently in our foreign currency market, we find that the mistrust, the erosion in the legal authority for all Venezuelans, through the banking system, caused an unstoppable hemorrhage, which, had it remained, would have impeded us from meeting the very needs of the country's economy. It threatened the very existence of the national economy.

Days ago, a Japanese businessman, Mr. [name indistinct], an official of Kobe Steel and a person with whom I exchanged views during a debate on the basic labor law, in an extensive interview published by the newspaper EL UNIVERSAL of Caracas, said a few very important things. I wish to quote only a few of his statements. He said that no society will manage to progress if certain essential (?factors) such as honesty and solidarity are absent. The state must also establish a very firm and sober presence. That is the case in Japan. A market lacking solidarity and state presence is a jungle.

The authority [words indistinct] such statements prompted me to reflect profoundly about this. In fact, in a speech 20 years ago, please bear with me [chuckles], I said something that I wish to repeat: Citizens complain to the state and not to the merchants when there is a product shortage or when prices skyrocket. When there is a basic staple shortage there is no general clamor against merchants but against the government. When prices rise it is not the Chamber of Commerce of Caracas that has to give explanations, but the development minister. This is undeniable.

We must make a joint effort—in the same way that we are willing to act with the greatest prudence and equity in fixing prices after having established currency exchange controls to curb unrestrained profiteering—and we have the right and obligation to ask an organization, that is so respectable as the Chamber of Commerce of Caracas, to help tackle those sectors that do not deserve to be called merchants but unconscionable profiteers for creating an atmosphere of alarm, suffering, anguish, and chaos in

Venezuelan society. According to certain commentators, this has jeopardized the country's very stability, because many of these individuals write and say on television programs and in newspaper columns that we are at the brink of a social explosion that is the result of two major factors: The high cost of living that is becoming unbearable for a large number of Venezuelans and a lack of safety that we have been unable to reduce to more or less tolerable levels despite all the efforts that we have made.

This is interesting. When one says there are dishonest merchants, one does not mean all merchants are dishonest. It is the same as when one says there are corrupt politicians. I believe that gives no one the right to say all politicians are corrupt. When one says some judges are not honest, one cannot say all judges can be bribed or are not honest. [applause]

We are prepared to move the privatization process forward. With a high sense of responsibility, we are also aware of your needs...[pauses] in cases where some companies were improperly handled and this cost huge losses for the state, which cannot go on sustaining them, as happened in the case of Aeropostal Airlines...[pauses] I can assure you it greatly pained me to authorize the bankruptcy of the Aeropostal Airlines, a company I have been fond of for a long time. We had to do it and did it. During my first mandate, the Venezolana de Navegacion Inc. shipping company thrived basically under the guidance of Alfonso Marquez, who, by the way, did not belong to the ruling party but to the opposition party. We protected and bolstered it, we bought ships for it, and it yielded profits. Its future opened up, but then there was corruption. Ineptness alone did not bring about the failure of this company; it was also the corruption. I was also pained to have to accept in my new administration the destruction of a project that meant a great deal to all Venezuelans and me personally.

A path, therefore, opens before us. We have great possibilities for progress. To achieve it, we are demanding solidarity. Meanwhile, we are promoting new paths for social programs. We are already revamping the food assistance, which is distributed in a manner that fails to fulfill its objective to turn it into a true food program so that schoolchildren can receive the amount of food indispensable for good and decent health. We are decentralizing the daily care centers to allow governors and mayors to monitor them more closely so as to ensure that they fulfill their goal in a truly effective manner.

We are developing training programs. To cite just as an example of our intentions, Venezuelan recruits who are going to serve their military duty will receive at the same time job training so that when their time is up, they will be able to perform their job ably. We are endeavoring, on the one hand, to boost low-income housing, despite all the difficulties the economic situation causes for us, and, on the other hand, to transform low-income neighborhoods, where tremendously huge amounts have been invested in terms of materials and hours of work by their

own residents, who deserve a better living standard, transportation system, and water and sewage services, as well as places in which they can hold their community meetings and practice activities like sports where a true social awareness can be created. [applause]

There are currently in Venezuela—and I do not know for what reason—some groups who are depicting negative situations. They say the situation is calm, but that there may be unrest. They say we have spent a year in which it has been shown that democracy is stable, but we may have a social outburst that will end democracy. It seems there are people who are betting that the system that guarantees freedoms and human rights will be ungovernable. All of the country's leading sectors need to be aware of this situation to which the immense majority of common Venezuelans fortunately do not pay attention. When they are incited to violence, they do not heed that call, because it is a minority that is trying to disturb peace. As a student protest was promoted to ignore the efforts the government is making to resolve the problem of the preferential fare, less than 1,000 of the 60,000 students of the Central University of Venezuela marched following an intense propaganda campaign by the media.

What most of the 60,000 university students really want is to study and be trained; they do not want problems. However, it would seem that several media sources want to present, as the image of Venezuela's university student, the 20 or 30 hooded people who armed with rifles try to cause trouble and disturb public order to see if they can get this to continue and create a chaos that will lead us nowhere.

Ladies and gentlemen, members of the Caracas Chamber of Commerce: I am convinced that each one of you loves Venezuela as I love it. I do not want to say I have the monopoly of patriotism or nationalism. We love this fatherland and all it contains because of what it means to all of us. At this time, the fatherland demands that we all have understanding and cohesion. That is why, on this afternoon in which we celebrate such a memorable event as the 100 years of this institution, I bring a message of optimism and solidarity. Let us join forces. We can have differing opinions on important issues regarding the way our lives should develop, but let us not take them to the level of obliteration. Let us applaud and support all the positive things that are being done. Let us encourage all those who are fighting to get Venezuela out of the mess it is in. I assure you, because I believe in the Venezuelans' nature and caliber and it has been demonstrated in the most critical moments of our history, that we will definitely overcome this situation. There will be no negative, egotistical, absurd, destructive reactions or responses. This will be the goal of all the Venezuelans and in all the sectors of the country. [words indistinct] our capacity, our will, our decision, our sacrifice will be to further Venezuela, as this is what it demands from us in these moments of anguish. Thank you. [applause]

Pena Alvarez Sworn In as Cordiplan Deputy Minister

PA2211234094 Caracas Union Radio Network in Spanish 2200 GMT 21 Nov 94

[Report by Isa Marino; from the "Union Radio News" newscast]

[FBIS Translated Text] Rafael Pena Alvarez, who is a former president of FESILVEN [expansion unknown], an enterprise that is part of the CVG [Venezuelan Guayana Corporation], was sworn in as Cordiplan [Office of Coordination and Planning] deputy minister on 21 November. Cordiplan Minister Rene Corrales said this action is a common occurrence in governmental management. Pena Alvarez, a former president of the CVG [as heard], said he will follow in the steps of former Minister Rafael MacQuhae by improving communication with all multilateral organizations, taking maximum advantage of the organizations' contributions, and improving Venezuela's situation through a working team.

MacQuhae said this ceremony concludes his term as Cordiplan deputy minister and added that overcoming the present crisis requires considerable effort by both the government and Congress. He added market signals must be paid attention to by introducing financial instruments accepted by the market so they can fulfill the purpose of collecting the excessive circulating currency, thus making it possible for the Bank of Venezuela to get out of the zero coupon trap.

Government To Import Foodstuffs in Short Supply

PA2111205594 Caracas Venezolana de Television Network in Spanish 1630 GMT 21 Nov 94

[Report by Cecilia Pachano; from "The News" newscast]

[FBIS Translated Text] When something is in short supply on the markets, consumers always think the price of that product is going to increase. In general, that is what happens. In light of the possible shortage of some foodstuffs, the government has decided to import those products and keep prices at their current level. Development Minister Alberto Poletto has clarified, however, that this does not constitute unfair competition for our producers. According to him, the objective of this temporary importation of foodstuffs is to resolve an emergency situation and guarantee the supply of produce to the population at reasonable prices.

[Begin recording] [Unidentified reporter] Mr. Minister, how can you guarantee that the imports promoted by the executive will not become unfair competition for Venezuelan producers?

[Poletto] Well, there is an Antidumping Commission which will determine if subsidies are creating unfair competition. If so, the Commission will address the

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problem and take appropriate measures. I doubt, however, that the first condition exists; that is, that the importation will harm national production. I think it is impossible that the importation of foodstuffs, which has been planned for one and a half months, will adversely affect national production. [end recording]

The development minister also said that the trend now is to replace price controls with a consensus policy. He explained that a consensus on prices does not mean cartelization [cartelizacion]. He added that this is just a reference price that may vary and decrease.

Roundup of Economic Developments

PA2211172994

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 22 November.

The Venezuelan Investment Fund (FIV) registered a loss of 133 billion bolivares in the first half of 1994. The loss resulted from a 95.218 billion bolivares debt owed the FIV by the Venezuelan Guayana Corporation, as well as from disbursements totaling 77.688 billion bolivares for the restructuring of various state-owned companies [all figures as published]. (Caracas EL UNIVERSAL In Spanish 15 Nov 94 p 2-1)

As a result of its current economic situation, Venezuela will change the terms of loans granted by the FIV to Central American countries under the San Jose Pact through which Mexico and Venezuela supplies oil to Central America and certain Caribbean countries and grants credits for 20-25 percent of all purchases. This financial commitment amounted to \$117 million that needed to be covered by FIV resources between August 1993 and August 1994. The new terms apply to disbursed resources of 2.05 billion bolivares. FIV President Carlos Bernardez said, from now on, loans will be in dollars and not bolivares, as has been the case over the past 10 years, because the country has lost money because of the strengthening dollar. He also noted that long-term loans will no longer be granted under a fixed interest rate. Bernardez lamented that the country had been paid with Central American debt bonds whose actual market value has declined 10 percent. (Caracas EL UNIVERSAL In Spanish 18 Nov 94 p 2-4)

Three of the 12 subsidiaries of Venezuelan Petroleum, Inc.—Baproven, Pequiven, and Corpoven—saw their profits decline in the first half of 1994. Baproven suffered the greatest decline of 121 percent. The other nine subsidiaries registered higher profits with increases ranging from 3 percent to 66 percent. Bariven, Carbozulia, and Maraven recorded the largest increases. (Caracas EL UNIVERSAL in Spanish 15 Nov 94 p 2-4)

Carlos Jimenez, director of the Autonomous Fisheries and Aquiculture Service, has denied that the United States has imposed an embargo on Venezuelan shrimp. He noted that an embargo almost was ordered in May, but that the Venezuelan shrimping fleet adopted measures demanded by the U.S. Government to protect sea turtles. The shrimping industry produces \$50 million in annual sales, and the United States is its main customer. (Caracas Union Radio Network in Spanish 2200 GMT 15 Nov 94)

Gustavo Roosen, chairman of the Banco Latino Intervention Board, has announced that the liquidity surplus of Banco Latino will be used to finance small loans. He also said the bank could be reprivatized as early as December. (Caracas Union Radio Network in Spanish 2200 GMT 17 Nov 94)

Rafael McQuahe, deputy minister of the Office of Coordination and Planning, has reported that nontraditional exports increased 16 percent, while imports dropped \$1.9 million in the last quarter. (Caracas REPORTE DE LA ECONOMIA in Spanish 18 Nov 94 p 2)

According to an 18 November, Caracas-dated report, Venezuelan banks, in an effort to maintain their liquidity in view of the instability of the financial system, are now investing more in government bonds and granting fewer loans. The Softline Consulting Firm, one of Venezuela's most prestigious, has reported that bond investments have for the first time surpassed loan grants. Meanwhile, Venezuelan depositors are transferring most of their funds, which they had deposited in banks that have since closed, to Banco Provincial and Banco Mercantil—two of the country's largest banks. Out of 40 banks in Venezuela, these two institutions now hold some 37.8 percent of all domestic deposits. (Mexico City NOTIMEX in Spanish 0927 GMT 18 Nov 94)

Norys Aguirre, president of the Deposit Guarantee and Bank Protection Fund (Fogade), has said she agrees with the government decision to reschedule the organization's debt with the Central Bank of Venezuela. Aguirre said she needs to start selling currently held assets to collect funds to repay depositors and the debt with the Central Bank. Fogade has already taken the first steps to sell its shares of Banco Provincial and Banco Tequendama. (Caracas Union Radio Network in Spanish 2200 GMT 18 Nov 94)

The Inter-American Development Bank (IDB) on 19 November granted a \$25 million loan to create jobs for some 20,000 youths in the Caracas metropolitan area. IDB President Iglesias said uneducated and unskilled youths will receive preferential treatment when it comes time to hire. (Caracas Union Radio Network in Spanish 0100 GMT 21 Nov 94)

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